Saskatchewan

Budget Address

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The Hon. Lorne H. Hepworth
Minister of Finance

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Choices: Preserving the Saskatchewan Way of Life

Honourable Lorne H. Hepworth
Minister of Finance

Mr. Speaker:

I am pleased to present to the people of Saskatchewan the tenth budget of this Progressive Conservative administration.

Saskatchewan people know well the challenges and harsh realities of today's uncertain and changing world. But equally so, Saskatchewan people know that, by pulling together toward a common goal and sharing the load, we can overcome the difficulties of today and build for a better tomorrow -- for ourselves and our children.

That is what this Budget is all about. It is a budget that builds on what we have accomplished in the past and it sets out the next step of our economic recovery plan.

We all know this is an election year. But anyone who is expecting a budget that is filled with giveaways, grants and new programs will be disappointed.

In preparing this year's Budget, I once again called upon the people of Saskatchewan to do fiscal jury duty.

We have provided people the opportunity to voice their ideas and opinions and provide useful input to their Government. This is evidenced by Consensus Saskatchewan, the Saskatchewan Commission on Directions in Health Care, the GST Advisory Committee, the Saskatchewan Economic Diversification Council and numerous pre-budget meetings.

Saskatchewan residents made it very clear they want a say in what their Government does. They want sound financial management and responsible decision making. They want to see that we have the right priorities and a plan to deliver on them. They want us to protect and preserve those things which are most important. They want us to create an environment that allows Saskatchewan to capitalize on its rich resource base and entrepreneurial spirit.

Mr. Speaker, people have identified elimination of the deficit and the debt as their first and foremost priority. They told us to eliminate the deficit and the debt in a responsible way. In essence, they told us to live within our means.

To achieve this, I will be announcing tonight a six point financial plan.

This Budget also reflects the key role of agriculture and rural Saskatchewan in the well-being of the Province and in the lives of all Saskatchewan people. The simple fact is: as goes farming, so goes Saskatchewan. We cannot neglect agriculture because, if we do, everyone will suffer.

PROTECTING AGRICULTURE AND RURAL SASKATCHEWAN

Mr. Speaker, in the 1970s, booming farm exports ushered in farm prosperity. This prosperity was shared throughout the Province.

In the 1980s, drought, grasshoppers, high interest rates, trade wars and low grain prices brought financial and emotional hardship to farm families and rural communities.

Our farmers faced setback after setback. They worked hard to put the crops in the ground, only to see their crops devastated by drought or grasshoppers. In some areas of the Province, there was nothing to harvest while, in other areas, pastures burned up. Feed and water had to be trucked in. Livestock had to be moved or sold off.

Rising input costs and high interest rates ate away at what little return farmers did receive. On top of all this, when farmers were fortunate enough to harvest a bumper crop, either they could not sell it or they had to sell it at a loss.

To illustrate further the seriousness of the hurt in our agriculture sector, just look at what happened to farm incomes. In 1988, realized net farm income was nearly $1 billion, about $15,000 per farmer. However, by 1990, it dropped to less than $200 million, an annual take-home pay of only $3,000 per farmer.

Mr. Speaker, even though Saskatchewan farmers produced a near record crop in 1990, they earned less because world wheat prices plummeted nearly 35 per cent, to a 60 year low.

The situation is even worse today. Left to the marketplace alone, on average, farmers would each lose about $1,300 this year. But this is "on average". This is a mere statistic. The reality is many farmers would lose much more than this.

The impact on our farmers and their families is obvious. But the local grocer, hardware dealer, implement dealer and cafe owner, just to name a few, know all too well how their businesses and families also suffered. Mr. Speaker, the pain did not stop there.

When local retailers sold less, they bought less from wholesalers and distributors in larger centres. People also had fewer dollars to spend in stores, shopping malls, restaurants and hotels.

The situation in agriculture affects all of us.

This is particularly so with Saskatchewan's biggest yearly mega-project, Spring seeding. It involves 50 million acres of land and about a billion dollars in local spending. It is underway as I speak. Many here tonight are directly involved in this event.

Spring seeding means a billion dollars going to work in communities across this Province. It means business for: fertilizer dealers; fuel dealers; farm supply shops; hardware stores; implement dealers; elevators; and, others.

It is a billion dollars of economic activity we cannot afford to lose. But lose it we may, if our farmers and the agriculture sector are not supported during these difficult times.

Mr. Speaker, over the course of a year, Saskatchewan's 60,000 farmers will spend $4 billion. A total of 120,000 jobs, one quarter of our work force, are dependent on this sector.

This is why we must protect our farmers and rural communities. This is why we will continue to:

- defend farmers and the family farm enterprise;
- develop rural infrastructure; and,
- diversify agriculture and the rural economy.

Mr. Speaker, producers and governments recognize that the ad hoc programs of the past did not address longer term needs. The long-term viability of agriculture will now be ensured by three lines of defence.

The first line of defence relies on Saskatchewan farmers to continue their traditional innovative and skilled management practices. They will ensure their own operations are efficient and competitive. More productive marketing and management practices will reduce costs and increase farm incomes. Farmers will continue to diversify their operations to take advantage of additional market opportunities.

The second line of defense is the new generation of farm safety net programs, including the Gross Revenue Insurance Plan (GRIP) and the Net Income Stabilization Account (NISA). These programs will improve farm cash flow and provide income stability to the industry.

GRIP is an insurance program paid for by farmers, along with the federal and provincial governments. It insures farmers against losses due to reduced crop production, falling grain prices or both. NISA is a way for farmers to set aside money in good years for their future needs.

These programs were designed from the ground up by farmers and producer groups working together, in partnership with governments. These programs are tailored to the individual farmer. They are production-oriented. They will bring a security to farmers that they can take to the bank to plan for each year's crop.

In the first year, GRIP and NISA could commit more than $1.3 billion to Saskatchewan farmers. This is needed cash which will be spent in towns and cities throughout the Province.

During this transitional year, before the benefits of the long-term safety net programs are fully realized, a third line of defence is required. The federal government has confirmed its responsibility to provide this special assistance.

Although farmers would rather receive a fair price from the marketplace, federal and provincial programs are providing important support through difficult times.

Mr. Speaker, our Premier knows and understands agriculture. Under his leadership, this Government's commitment and support for agriculture and rural Saskatchewan is unparalleled in the history of this Province.

In times of drought, this Premier has delivered.

In times of low grain prices, this Premier has delivered.

In times of high interest rates and rising input costs, this Premier has delivered.

And now, our Premier has delivered yet again with the new, comprehensive, long-term safety net programs.

Mr. Speaker, I want to stress that these initiatives have not been just for the benefit of farmers, but for the benefit of all Saskatchewan people.

In addition to supporting and protecting agriculture, our strategy for rural economic recovery involves mobilizing and supporting local initiative. This is being done through the creation of Rural Development Corporations, Community Economic Development Committees and programs such as Community Bonds.

Rural communities will be further stabilized through Fair Share Saskatchewan. Between 100 and 200 communities across the Province will benefit through the decentralization of permanent government jobs and offices.

There are two basic principles at work in the Fair Share Saskatchewan Project. First, government services can now be located close to the people they serve because the service and communication infrastructure linking all communities is now in place. Second, the local economic spin-offs associated with government jobs must be shared equally throughout the Province.

Fair Share Saskatchewan builds upon the experience of successful relocations of Crown corporations and government agencies to communities such as Melville, Moose Jaw, Swift Current and Kindersley.

At the same time, we have been working with the federal government to relocate federal operations to communities in Saskatchewan.

Sharing the benefits of federal jobs across Canada makes good sense, just as it makes good sense to share provincial jobs across Saskatchewan.

Mr. Speaker, our vision for this Province is about people and families. It is about protecting and supporting agriculture and rural Saskatchewan. It is about living and working together in communities.

By working together, the people of this Province can and will revitalize their communities to enhance and preserve the Saskatchewan way of life.

Building and Diversifying the Economy

Our strategy for improving the economy over the last nine years has been to build and diversify. This has required significant investments.

Mr. Speaker, if we had not invested, where would Saskatchewan be today? Where would the jobs, infrastructure and opportunities have come from? What would our quality of life be today, if we had not invested in the 1980s?

Mr. Speaker, we invested:

- $297 million in natural gas projects, including rural gasification for thousands of farm homes;
- $873 million constructing new electric power stations;
- $225 million installing individual telephone line service to thousands of rural homes; and,
- $87 million for the Rafferty-Alameda project.

In addition, we invested:

- $220 million renovating and building our universities, including a new College of Agriculture building;
- $429 million building 54 new schools and renovating 279 others; and,
- $390 million building ten new hospitals and renovating 100 others.

Through bond and share offerings, such as SaskPower Savings Bonds, SaskTel Telebonds, Potash Ownership Bonds and shares in SaskOil and the Potash Corporation of Saskatchewan Inc., Saskatchewan people have put their money to work here, at home, to build for the future.

Building on the success of these offerings and the desire of Saskatchewan residents to invest in their own future, this Government introduced the Community Bond program. Community Bonds are the first of their kind in the world and are mobilizing local initiative and resources to build communities.

In less than a year, over 50 Community Bond Corporations have been incorporated. They provide opportunities for people to invest in their own communities in manufacturing, agri-processing, advanced technology and tourism.

We have also worked to help build major new projects, such as:

- the Weyerhaeuser fine paper mill at Prince Albert;
- the Saferco fertilizer plant at Belle Plaine;
- the Millar Western pulp mill at Meadow Lake;
- the Co-op NewGrade Upgrader in Regina;
- the Prairie Malt plant in Biggar; and,
- the Bi-Provincial Upgrader in Lloydminster.

In addition to building and investing, our strategy has also improved the climate for business growth and development.

Mr. Speaker, the harmonization of our sales tax system with the federal GST will make our businesses more competitive.

An important element of harmonization is provincial input tax credits, which will begin in 1992. The credits will provide businesses with a refund of the provincial sales tax paid on the costs of running their operations. For example, an oil rig servicing company will receive a refund of the sales tax paid on trucks, tools and other equipment. A manufacturing plant will receive a refund of the sales tax paid on utilities, construction materials for buildings and new machinery.

In many other provinces, businesses will continue to pay tax on their inputs because those provinces have not harmonized. This will put the Saskatchewan business community ahead of those in most other provinces.

Farmers, too, will benefit from a simpler tax system and a lower tax bill on farm inputs. This will strengthen the farm economy and encourage diversification into the agri-food business.

This increased competitiveness will attract new investment and business. In turn, it will mean more jobs and more opportunities.

Indeed, harmonization will increase economic growth by 1.6 per cent overall. Growth in the various sectors of the economy attributable to harmonization is projected to be:

- 2.8 per cent in agriculture, mining and other primary industries;
- 2.8 per cent in transportation and utilities;
- 1.7 per cent in construction;
- 1.7 per cent in the service sector; and,
- 0.6 per cent in manufacturing.

Furthermore, the long-term gains in employment for Saskatchewan from harmonization are estimated to be over 5,000 new jobs.

Mr. Speaker, an economic plan must look to the future where new markets and new opportunities will develop. Our strength in the future will come through diversification of our economic base, supported by targeting new market opportunities.

Our diversification strategy continues to target various sectors for investment, based on natural economic strengths and export potential, including:

- manufacturing and processing of products like grain, oil, wood, pulp and potash;
- developing and manufacturing more of the equipment and technology used in our agriculture and resource sectors; and,
- expanding advanced technology for communications, aerospace, instrumentation, software and biotechnologies.

An example of the benefits from economic diversification and an improved business climate is our success in deregulating the natural gas industry. Just ten years ago, Saskatchewan bought 65 per cent of its natural gas from Alberta. Today, because of deregulation, the Province is self-sufficient in natural gas.

All of us in Saskatchewan know we cannot afford to have all our economic eggs in one basket. That is why diversification is so essential to our Province. It supplements the farm economy, smooths out the ups and downs, creates jobs and ensures a more stable tax base to pay for priority programs, such as health and education.

SECURING AND PROTECTING OUR SOCIAL PROGRAMS

Mr. Speaker, the sense of community and family in Saskatchewan is what built our strong social programs. While requiring a huge amount of government funding, these programs enhance our high quality of life in this Province.

Since this Government was elected in 1982:

- spending on health has more than doubled, from $741 million to $1.6 billion;
- funding for education has gone from $500 million to over $900 million; and,
- spending on social services and public protection has risen from $288 million to nearly $550 million today.

We chose to protect families and build the economy, even though economic conditions limited the Government's financial resources.

Yes, Mr. Speaker, we had a choice. We could have abandoned homeowners and left them to the ravages of high interest rates. We chose to protect them. We could have left farmers to fend for themselves during drought and international trade wars. We chose to back them up.

Mr. Speaker, we chose to stand up for the people of Saskatchewan by providing:

- $154 million to protect homeowners from high mortgage interest rates;
- $180 million to assist farmers in coping with drought conditions;
- $280 million to assist students;
- $276 million to relieve the interest burden on farmers; and,
- $383 million to assist seniors.

Another example of standing up for people is our introduction of the Saskatchewan Pension Plan, the first of its kind in North America.

This Budget continues our commitment to protect families and preserve Saskatchewan's special way of life during these difficult economic times.

Mr. Speaker, almost 65 per cent of total government spending will go to fund social programs like health, education, social services and public protection.

Health

In this Budget, Mr. Speaker, we are providing fair and reasonable increases for health services.

- Operating grants to hospitals and special care homes are increased by 3.5 per cent.
- Community-based health programs receive an increase of 5.6 per cent.
- Operating grants for home care boards are increased by 6.0 per cent.
- And, funding for the Cancer Foundation is increased by 10.0 per cent.

In addition, to provide for increasing costs and utilization of services:

- funding for doctors, optometrists and chiropractors is increased by 11.1 per cent, to over $290 million; and,
- funding for the Prescription Drug Plan is increased by 15.7 per cent, to $93 million.

Overall, the budget for health will increase this year by 6.0 per cent, or over $90 million. The $1.6 billion we are spending on health equates to $182,000 per hour, or $4.4 million per day. These are big numbers. These are big increases. They clearly demonstrate our commitment to health.

If we are to preserve the high quality health services we have now, we must reduce costs. All those involved in health services delivery must seek greater efficiencies.

Education

Mr. Speaker, like our health system, Saskatchewan's education system has a well-earned reputation for innovation and excellence.

This Budget provides over $900 million for education. This includes a 3.5 per cent increase in operating grants.

- Funding for regional colleges increases to more than $6 million.
- The Saskatchewan Institute of Applied Science and Technology will receive $73 million.
- Universities will receive $164 million.
- And, grants to schools increase to $373 million.

I am pleased to announce that operating grants to libraries will also increase by 3.5 per cent this year.

Mr. Speaker, education makes the difference in the ability of individuals and communities to compete in our rapidly changing and increasingly complex world. It enhances our quality of life by opening doors to better job opportunities and increases our understanding of the world around us.

However, as is the case in health, those involved in the delivery of education services must seek greater efficiencies.

Other Social Programs

In addition to the priority areas of health and education, we are also enhancing other important social programs.

In this Budget:

- funding for child foster care increases by 10.0 per cent;
- funding for the transportation needs of the disabled increases by almost 20 per cent; and,
- funding for Royal Canadian Mounted Police services increases by 6.7 per cent.

But, Mr. Speaker, we had to reduce spending in other areas to provide the necessary funding for the priority areas. Difficult choices were required. Difficult choices were made.

In this Budget:

- Urban Revenue Sharing grants are reduced by 7.5 per cent;
- the Mortgage Protection Plan subsidy has been reduced;
- the Department of Highways budget is reduced by 7.0 per cent;
- the Prescription Drug Plan co-payment has been increased from 20 per cent to 25 per cent;
- provincial funding is not provided for French school governance this year; and,
- the Department of Rural Development budget is reduced by 10.0 per cent.

Mr. Speaker, this Budget does not single out any particular group, organization or sector to bear an unfair share of the burden of expenditure reduction.

Mr. Speaker, we are all in this together. We have a collective responsibility to preserve the Saskatchewan way of life. We must all shoulder this responsibility equally.

Individuals, communities and institutions must also take greater responsibility for our social programs. We all have a stake in ensuring that the very programs that are special to the Saskatchewan way of life are protected and preserved.

If we are to ensure the continuation of medicare for the next 25 years, like we have done for the last 25, and if we are to provide our children with the benefit of an education system like we have today, we must work together as a Province, as a community, to face squarely the realities that confront us.

OPEN AND ACCOUNTABLE GOVERNMENT

Mr. Speaker, this Government has worked hard to be open and accountable and much has been done.

In November of last year, I announced a package of reforms to standardize, simplify and broaden government accountability, including:

- a mid-year update on the state of the Saskatchewan economy and the Province's finances;
- the early release of audited financial information; and,
- improved and strengthened disclosure requirements for government organizations.

Recently, I tabled the 1989-90 Public Accounts, which provide the details on government spending, including salaries, travel expenses and grants.

Furthermore, beginning with this Budget, funding for the Provincial Auditor's office has been set by an all-party committee of the Legislature. This committee approved funding for the Provincial Auditor's office of $3.6 million, an increase of nearly 20 per cent. This will ensure the Provincial Auditor has the resources to do the job.

Mr. Speaker, we will continue to increase the openness and accountability of government.

In this Session, legislation will be introduced to:

- reinforce the role of the Provincial Auditor as an independent watchdog over government;
- permit the Provincial Auditor to undertake value-for-money audits;
- provide for referendums and plebiscites on matters of vital concern to the public; and,
- enable greater access to information through a Freedom of Information and Privacy Act.

Mr. Speaker, open and accountable government that provides timely, relevant and accessible information will enable the public to be better informed on what government is doing and where taxpayers' dollars are going. It will allow the people of this Province to participate better in the process of making the tough, but necessary, choices. And it will allow them to participate in the planning that is required to preserve and secure our future.

SOUND FINANCIAL MANAGEMENT

In addition to making government more open and accountable, we are committed to sound financial management. But what does that mean?

In times of high interest rates, it means protecting families and their homes, farms and businesses.

In times of drought, international trade wars and low grain prices, it means protecting farm families and communities.

And in the face of federal offloading, it means shouldering an even greater share of the commitment to hospitals, universities and nursing homes.

Sound financial management also means building and diversifying our economy. It means investments in schools, hospitals, housing, water and irrigation projects, fertilizer plants, heavy oil upgraders, rural gasification, individual telephone line service, power plants, telecommunications, pulp mills, paper mills and mining developments. These investments in large and small businesses, new industry and infrastructure throughout the Province have created new jobs and diversified our economy.

Yes, Mr. Speaker, protecting families and building and diversifying the economy was costly. It was also necessary.

This Premier and this Government stood up for the people of Saskatchewan in the face of harsh economic conditions.

This Premier and this Government invested in the future.

Mr. Speaker, these investments are the building blocks of security and new opportunity. They are the building blocks of our way of life.

With these building blocks firmly in place, we must now turn our attention to tackling the deficit and the debt. Sound financial management means that deficit financing cannot and must not continue.

The Financial Plan

This Government will deal with the deficit and the debt in a realistic and fair manner. We will do this through a six point financial plan to balance the books so we can pay down the debt.

The six points of our financial plan are:

- achievable deficit targets;
- reasonable wage guidelines;
- realistic operating grants;
- fair taxation;
- more effective and efficient government; and,
- improved federal-provincial relations.

Achievable Deficit Targets

The first point in a financial plan is to establish realistic and achievable objectives which guide decisions and planning. Last year, I began this process by setting a deficit target of $363 million. I am pleased to announce the 1990-91 deficit will come in at $358 million.

But this is not good enough. More must and will be done.

Tonight, I am laying out a three-year timetable to balance the books.

This year's deficit will be $265 million, almost $100 million lower than last year.

Next year, the deficit will be under $150 million.

And in the following year, the deficit will be eliminated.

Mr. Speaker, we will have a balanced budget in 1993-94.

Achieving these targets requires difficult decisions and sound management of the public purse.

Reasonable Wage Guidelines

Mr. Speaker, fundamental to sound financial management is controlling costs. Wages and salaries represent the major cost for the Government, $2.2 billion annually. Mr. Speaker, a one per cent increase in these wages and salaries means $22 million in increased government spending.

Reasonable public sector wage guidelines are the second point in our financial plan.

We have started at the top. For the second consecutive year, we have frozen Cabinet Ministers' and Legislative Secretaries' salaries. We have frozen MLA salaries at their 1990 level until the budget is balanced. Mr. Speaker, we have also eliminated MLA severance packages.

Public sector wage settlements in Saskatchewan have been below the private sector since 1983. Public sector employees have been responsible in their requests and for that I commend them.

In January, I announced guidelines to ensure continued restraint of public sector wages. Under these guidelines, wage and compensation increases for public sector employees are not to exceed four per cent in the current round of bargaining, except in exceptional circumstances.

Other jurisdictions have recently announced similar guidelines for their employees.

In addition to our current four per cent wage guideline, I am announcing that, commencing in October 1991, public sector wage and compensation increases will be held to a maximum of two per cent in each of the next two years.

In light of the economic and financial position of the Province, these are reasonable and fair guidelines.

Mr. Speaker, the decision to establish these guidelines was extremely difficult. It was a tough, but necessary, choice required to tackle the deficit and the debt.

Realistic Operating Grants

The third point in the financial plan involves the provision of realistic operating grants to our partners - hospitals, post-secondary education institutions, school boards and special-care homes.

Our partners account for over one-third of provincial government spending. They must be part of the deficit and debt solution.

In February, I announced that operating grants to these institutions will be increased by 3.5 per cent in 1991-92.

Tonight, I am announcing that, in each of the following two years, operating grants for our partners will be limited to a maximum of 3.0 per cent, as part of our financial plan.

The announcement of operating grant levels for three years responds to our partners' requests for greater financial certainty which will enable them to better plan for the future.

We realize that these are modest increases which will challenge the management of these institutions. However, by working together, we will ensure this challenge is met.

Fair Taxation

Mr. Speaker, fair taxation is the fourth point in our financial plan. This Government has made significant improvements to the tax system to ensure that it:

- is fair;
- supports families;
- is simple to understand and comply with; and,
- supports economic growth and diversification of the provincial economy.

In 1987, we enhanced the Saskatchewan Tax Reduction to increase benefits to lower and middle income families. In particular, the enhancements recognized the special circumstances of the single parent.

In 1988, we introduced a major corporate tax reform package that levelled the playing field for business while raising an additional $40 million per year from large corporations.

In February, I announced the harmonization of our provincial sales tax with the federal GST.

Mr. Speaker, harmonization will achieve four important objectives.

First and foremost, it will raise the necessary funds to finance the Province's share of GRIP and NISA, which will provide our farmers with greater long-term income stability.

Second, it will reduce complexity and confusion at the cash register for consumers and business. It will also reduce duplication and overlap in sales tax administration.

Third, as I noted earlier, a harmonized sales tax system will create a more competitive business environment in Saskatchewan.

Finally, in conjunction with the other tax initiatives I announced in February, fairness in the tax system is preserved with:

- special recognition for the family through the annual $200 per child Family Tax Credit;
- an increase in the general Corporation Income Tax rate to 16 per cent;
- an increase in the high income surtax to 15 per cent; and,
- an increase in the Corporation Capital Tax rate to 0.6 per cent.

These measures will ensure large business and high income individuals pay their fair share.

Mr. Speaker, we chose to maintain the sales tax rate at 7 per cent to provide funding for the Province's contribution to GRIP and NISA. We knew this would not be popular, but it was necessary. To not do so, Mr. Speaker, would mean a higher deficit and more debt.

Mr. Speaker, revenues from harmonization which exceed the Province's share of the cost of GRIP and NISA in any year will be applied directly to deficit and debt reduction.

We will also be working with municipalities, universities, schools and hospitals to ensure that harmonization does not increase the taxes paid by these sectors. We will discuss and assess the impact of the tax on others such as the tourism sector, non-profit organizations, charities and the housing sector.

Mr. Speaker, I am pleased to announce additional funding to offset the impact of harmonization on libraries throughout the Province.

On top of the 3.5 per cent increase in operating grants to libraries I announced earlier, we will provide special funding of almost $1.5 million for 1991-92 to cover the cost of the harmonized tax on library reading materials and text book purchases by school boards.

Libraries in Saskatchewan play a special role in enriching our daily lives. Access to quality reading and educational materials through our library system and school boards will not be impeded because of harmonization. This Government's commitment is clear.

The tax system in place today, including full harmonization in 1992, will serve Saskatchewan well into the future. It will provide a stable source of revenue and is largely the system that I see remaining throughout the 1990s.

Mr. Speaker, a stable tax system provides greater predictability for both business and consumers. It promotes investment and job opportunities. It allows our economy to grow.

Therefore, I am pleased to announce that, as part of this financial plan, there will be no tax increases for the next three years.

More Effective and Efficient Government

Mr. Speaker, it is essential we continue to make government more effective and efficient. This is the fifth point in our financial plan.

Effective and efficient government means reassessing and refocussing government priorities. It means asking basic questions about the role of government. And, ultimately, it means making tough choices.

Significant measures have already been taken to streamline government operations and to reduce waste and inefficiency.

- Government streamlining eliminated nine departments and agencies last year.
- New government vehicle purchases for 1991 are prohibited and restrictions apply to purchases of office furniture and computers.
- And, only essential government jobs are being filled.

Mr. Speaker, in this Budget, 14 government departments and agencies have had their budgets reduced or frozen. Of these, 7 have had their budgets reduced by 10.0 per cent or more.

Since 1982, we have reduced the size of the government by 2,330 jobs, an 18.6 per cent reduction.

In this Budget, a total of 352 positions have been eliminated through the process of streamlining government operations. This represents more than half of the 600 positions that I announced in January would be eliminated from government departments and Crown corporations.

This Government is delivering on its promise to make government leaner, more effective and more efficient.

Tonight, I am announcing several measures that will further reduce government spending.

The cost of honorariums for boards and commissions will be cut in half. Savings will be achieved through a combination of reducing the number of boards and the number of members serving on boards.

The oil and gas industry will be required to contribute over $2 million each year to the costs of an Oil and Gas Conservation Board. The Board will provide an arms-length resolution process for disputes involving both the private sector and the Government. The industry's contributions, on average, will be in the form of a $125 surcharge per well.

Mr. Speaker, people at the pre-budget meetings told me to cut back government grants. Last year, we eliminated:

- the Saskatchewan Stock Savings Plan;
- grants and loans under the Home Program; and,
- the Fuel Tax Rebate Program.

This year, we have cut more grants. We have eliminated the Business Tax Assistance Program and the Small Business Investment Incentives Program.

Grants in support of the arts, multiculturalism, sport, recreation and museums have also been eliminated. These groups will now have to look to lottery revenues and private contributions, instead of taxpayers' dollars, to fund their activities.

Furthermore, grants to 116 non-government organizations have been either frozen or cut by up to 25 per cent.

These are a few of the many program changes contained in this Budget. My Cabinet colleagues will be providing additional details and making further announcements in the days ahead.

Our partners in providing services to the public must also participate fully in finding efficiencies within their operations and improving their financial management. All publicly funded organizations share the responsibility of spending taxpayers' dollars wisely.

Improved Federal-Provincial Relations

The sixth point in our financial plan relates to the need to improve the fiscal arrangements between the Province and the federal government.

This Government has maintained a co-operative approach to federal-provincial relations. Our approach has resulted in major gains for the Province of Saskatchewan, especially in agriculture.

However, Mr. Speaker, the issues facing Saskatchewan and the federal government today are challenging and will not be easily resolved. Federal-provincial relations are becoming strained over decisions by Ottawa to offload its responsibilities onto the backs of Saskatchewan taxpayers. This is especially true in the area of federal funding for health and post-secondary education.

This Government takes issue with the federal government's decisions to unilaterally transfer costs and responsibilities onto the provinces. To plan for our future, we must have a clearer indication of the federal government's commitment.

We will work with the federal government to develop a new fiscal federalism and resolve the issues confronting this country. But we will not stand by and watch Ottawa solve its problems by continuing to offload onto the Province.

Mr. Speaker, Saskatchewan is faced with $200 million in additional costs this year as a result of federal offloading. Without these added pressures, we would have been very close to balancing the books this year.

By offloading, I mean the federal decisions:

- to freeze federal payments in support of health and post-secondary education;
- to lower its financial support for RCMP protection of Saskatchewan residents;
- to reduce its financial commitment under Equalization; and,
- to abandon vital transportation services.

Mr. Speaker, a recent example of federal offloading is Ottawa's decision to shift the costs of social assistance to Saskatchewan taxpayers for Treaty Indians who move off reserves. This is not fair and it is not consistent with Ottawa's responsibilities to Treaty Indians.

This unilateral federal decision could result in additional costs of $20 million per year to Saskatchewan taxpayers. We will fight this irresponsible decision. Mr. Speaker, it is being forced upon us at a time when the federal government is expecting a sizeable provincial contribution to the settlement of treaty land entitlements with Saskatchewan Indians.

All these federal decisions are being made without regard for the economic circumstances facing our Province.

In many areas, the federal government has an obligation to ensure national standards and consistent programming across the country. The federal government must live up to its responsibility to ensure that all provinces have the financial means to meet the standards set by Ottawa. This is a cornerstone of Canadian society.

An enhanced role for Equalization will strengthen this cornerstone at this critical time in Canada's history. A more equitable Equalization program will ensure that all provinces have the same ability to provide high quality government programs and services.

Despite federal cutbacks, we have maintained quality health care and post-secondary education by committing over $109 million in additional funding for 1991-92.

Mr. Speaker, the funding we provide to post-secondary institutions went up by $19 million, 7.0 per cent. The cheque we received from Ottawa went down. The funding we provide for health services went up by $90 million, 6.0 per cent. The cheque from Ottawa went down.

Arrangements between the federal government and the provinces must be renewed. It is essential to the long-term financial stability of Saskatchewan that a new deal be established, based on meaningful consultations and firm federal financial commitments to health, education, agriculture and Equalization.

Paying Down The Debt

Mr. Speaker, with our realistic and fair financial plan, we will balance the books. This will enable us to begin the process of eliminating the debt that was incurred to protect families, support agriculture, build a strong infrastructure and invest for the future.

Our plan for economic diversification will pay huge dividends to the people of Saskatchewan in the form of more jobs, more opportunities, higher incomes and a stronger and more stable economy.

Our economic and financial plan will ensure that our major industries in agriculture, resources and manufacturing are poised to take advantage of increased trade opportunities as national and world economic recovery takes hold.

This economic strength will not only benefit the people of Saskatchewan but will also result in increased government revenues from stronger economic activity.

This is the key to debt reduction. New wealth from new jobs, new and expanding businesses, new and growing industries and new economic activity will allow us to eliminate the debt without increasing taxes or reducing vital government services.

Once the books are balanced, we will be able to reduce the Province's debt as our economy grows. We will pay off the debt from the growth in wealth of the 1990s.

This is a realistic and responsible approach to debt reduction. It replaces debt with wealth, not with increased taxes and without compromising essential government services.

Mr. Speaker, this Government chose the right direction for Saskatchewan in the 1980s and our approach to sound financial management is the right approach for Saskatchewan in the 1990s.

CONCLUSION

This Budget reflects the reality that we have turned a corner in this Province. The building blocks are in place. Tough choices were required and tough choices have been made. But they were made in a fair and sensitive manner that reflects the priorities of the people of Saskatchewan.

Mr. Speaker, this Budget sets forth a realistic and fair financial plan to eliminate the deficit and the debt.

This Budget also provides the means to stabilize and revitalize agriculture and our rural economy for the benefit of all Saskatchewan.

Under the leadership of this Premier, this Government will continue to work with the people of Saskatchewan to protect families, protect health and education, stabilize and build communities and manage the finances of the Province in a sound and responsible manner.

In this way, we will secure Saskatchewan's future and preserve the Saskatchewan way of life for ourselves and our children.

1991-92 Budget Detail

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Combined Funds
Summary of Financing and Changes in Financial Position

(in Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91	Estimated 1990-91
Revenue and Expenditure			
Revenue	$ 4,554,200	$ 4,674,300	$ 4,283,465
Expenditure	4,819,266	5,032,707	4,646,610
Excess of Revenue over Expenditure	$ (265,066)	$ (358,407)	$ (363,145)
Loan, Investment and Deposit Activity			
Receipts	$ 823,235	$ 983,094	$ 472,281
Disbursements	1,469,555	1,440,563	1,366,837
Excess of Receipts over Disbursements	$ (646,320)	$ (457,469)	$ (894,556)
Non-Cash Amortization of Foreign Exchange Gain	$ (4,605)	$ (4,605)	$ ---
Net Cash (Requirement)	$ (915,991)	$ (820,481)	$ (1,257,701)
Financing			
Public Borrowing:			
Proceeds from Debt	$ 1,925,877	$ 3,424,502	$ 1,895,497
Repayment of Debt	1,208,387	3,128,575	817,881
Net Proceeds from Public Borrowing	$ 717,490	$ 295,927	$ 1,077,616
(Increase) Decrease in Current Assets	$ 198,501	$ 524,554	$ 180,085
Total Financing	$ 915,991	$ 820,481	$ 1,257,701

Note: The Combined Funds represent a combination of the Consolidated Fund and the Saskatchewan Heritage Fund. Transactions between the Funds, such as the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund, are eliminated to avoid double counting.

Combined Funds
Summary of Revenue

(in Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91 [1]	Estimated 1990-91 [1]
Taxes			
Corporation Capital	$ 122,500	$ 111,000	$ 107,100
Corporation Income	82,300	65,800	143,100
Fuel	201,800	176,100	206,000
Individual Income	965,800	980,100	896,700
Sales	672,500	505,000	530,300
Tobacco	107,600	100,000	103,000
Other	35,500	34,600	35,800
Total Taxes	$ 2,188,000	$ 1,972,600	$ 2,022,000
Receipts from Government Enterprises			
Crown Investments Corporation of Saskatchewan	$ 250,000	$ 310,000	$ 310,000
Saskatchewan Liquor Board	150,000	190,000	190,000
Other	21,100	28,000	8,110
Total Receipts from Government Enterprises	$ 421,100	$ 528,000	$ 508,110
Other Own Source Revenue			
Agricultural Land	$ 29,000	$ 18,800	$ 24,800
Fines, Forfeits and Penalties	10,400	9,500	10,500
Interest, Premium, Discount and Exchange	47,500	50,200	27,800
Non-Renewable Resources:			
- Coal	15,000	13,800	14,700
- Natural Gas	60,600	50,300	48,900
- Oil	252,200	300,000	242,000
- Potash	57,500	47,600	66,100
- Uranium	25,500	18,700	20,900
- Other	3,100	3,100	3,100
Privileges, Licences and Permits:			
- Lands, Forests, Game, Fur and Fisheries	16,300	14,200	14,500
- Motor Vehicles	83,000	82,000	83,800
- Other	10,100	8,400	8,890
Sales, Services and Service Fees	45,200	38,800	43,930
Other	20,100	19,500	19,800
Total Other Own Source Revenue	$ 675,500	$ 674,900	$ 629,720
Receipts from Other Governments			
Canada Assistance Plan	$ 159,900	$ 156,000	$ 162,000
Equalization Payments	655,000	663,400	510,000
Established Programs Financing	361,600	370,800	398,900
Statutory Subsidy	2,200	2,200	2,200
Other Federal-Provincial Programs	80,000	297,300	41,735
Other	10,900	9,100	8,800
Total Receipts from Other Governments	$ 1,269,600	$ 1,498,800	$ 1,123,635
Total Revenue	$ 4,554,200	$ 4,674,300	$ 4,283,465

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[1] 1990-91 Revenue has been restated to reflect changes in classification and changes respecting gross or net budgeting.

Note: Transactions such as the Dividend from the Saskatchewan Heritage Fund to the Consolidated Fund are eliminated to avoid double counting.

Combined Funds
Summary of Expenditure

(in Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91 [1]	Estimated 1990-91 [1]
Expenditure			
Agriculture and Food	$ 270,766	$ 449,219	$ 187,260
Community Services	161,623	210,563	193,238
Economic Diversification and Investment Fund	34,581	27,853	31,389
Economic Diversification and Trade	26,321	25,592	27,123
Education	903,879	889,732	879,849
Energy and Mines	12,362	13,844	14,314
Environment and Public Safety	10,392	11,893	10,159
Executive Council	5,495	5,411	5,666
Executive Council - Electoral Expenses	6,800	671	1
Family Foundation	9,626	19,330	19,911
Finance	167,587	188,679	191,325
Finance - Servicing the Public Debt - Government Share	499,729	471,495	493,400
Health	1,597,683	1,532,504	1,507,344
Highways and Transportation	210,390	220,340	226,133
Human Resources, Labour and Employment	12,636	11,619	12,596
Indian and Metis Affairs Secretariat	5,373	4,406	4,546
Justice	164,736	160,393	155,979
Legislation	14,879	14,115	14,195
New Careers Corporation	5,746	5,737	5,737
Parks and Renewable Resources	84,460	90,218	73,596
Provincial Auditor	3,615	3,049	3,050
Public Service Commission	10,277	9,770	10,765
Rural Development	70,484	79,357	78,267
Saskatchewan Crop Insurance Corporation	80,496	125,547	43,445
Saskatchewan Municipal Board	867	892	867
Saskatchewan Property Management Corporation	4,760	25,360	2,560
Saskatchewan Research Council	5,976	6,134	5,736
Saskatchewan Water Corporation	6,774	8,344	8,344
Seniors' Secretariat	51,585	51,040	57,300
Social Services	378,881	369,063	381,975
Women's Secretariat	487	537	540
Total Expenditure	**$ 4,819,266**	**$ 5,032,707**	**$ 4,646,610**
Excess of Revenue over Expenditure	**$ (265,066)**	**$ (358,407)**	**$ (363,145)**

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[1] 1990-91 Expenditure has been restated on a comparative basis to the expenditure structure for 1991-92 and adjusted to reflect changes respecting gross and net budgeting.

Combined Funds
Summary of Loan, Investment and Deposit Activity

Receipts

(in Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91	Estimated 1990-91
Loans			
Agricultural Credit Corporation of Saskatchewan	$ ---	$ 228,554	$ 150,000
Crown Investments Corporation of Saskatchewan	450,148	263,119	263,114
Municipal Financing Corporation of Saskatchewan	26,710	---	---
Saskatchewan Crop Insurance Corporation	---	374,291	---
Saskatchewan Economic Development Corporation	5,000	16,000	16,000
Saskatchewan Power Corporation	175,500	3,452	3,503
Saskatchewan Property Management Corporation	75,000	61,085	---
Saskatchewan Telecommunications	69,061	16,710	16,812
Saskatchewan Water Corporation	657	---	---
Other	500	644	500
Total Loan Receipts	$ 802,576	$ 963,855	$ 449,929
Investments			
Agricultural Land	$ 3,015	$ 1,387	$ 4,500
Total Investment Receipts	$ 3,015	$ 1,387	$ 4,500
Deposits			
Sinking Funds	$ 17,644	$ 17,852	$ 17,852
Total Deposit Receipts	$ 17,644	$ 17,852	$ 17,852
Total Receipts	$ 823,235	$ 983,094	$ 472,281

Disbursements

(in Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91	Estimated 1990-91
Loans			
Agricultural Credit Corporation of Saskatchewan	$ 87,000	$ 190,000	$ 200,000
Crown Investments Corporation of Saskatchewan	536,100	542,191	263,900
Municipal Financing Corporation of Saskatchewan	30,000	16,270	30,000
Saskatchewan Economic Development Corporation	60,900	25,000	97,500
Saskatchewan Power Corporation	334,000	115,870	250,000
Saskatchewan Property Management Corporation	132,500	200,000	182,100
Saskatchewan Telecommunications	---	115,870	75,000
Saskatchewan Water Corporation	74,500	---	65,400
Other	54,000	48,440	47,315
Total Loan Disbursements	$ 1,309,000	$ 1,253,641	$ 1,211,215
Investments			
Crown Investments Corporation of Saskatchewan	$ 106,000	$ 96,500	$ 64,500
Agricultural Land	800	200	900
Total Investment Disbursements	$ 106,800	$ 96,700	$ 65,400
Deposits			
Crown Entities	$ 30,000	$ 70,000	$ 70,000
Sinking Funds	23,755	20,222	20,222
Total Deposit Disbursements	$ 53,755	$ 90,222	$ 90,222
Total Disbursements	**$ 1,469,555**	**$ 1,440,563**	**$ 1,366,837**
Excess of Receipts over Disbursements	**$ (646,320)**	**$ (457,469)**	**$ (894,556)**

Combined Funds
Summary of Financial Position

(as at March 31)

(in Thousands of Dollars)

	Estimated 1992	Forecast 1991	Estimated 1991 [1]
Assets			
Current Assets	$ 333,546	$ 532,047	$ 876,516
Loans to Crown Entities	6,934,315	6,496,185	6,905,372
Other Loans	287,900	234,535	233,563
Investments in Crown Entities:			
- Crown Investments Corporation of Saskatchewan	1,163,257	1,057,257	1,025,257
Agricultural Land	134,673	136,888	134,475
Other Investments	2,792	2,792	2,792
Total Assets	$ 8,856,483	$ 8,459,704	$ 9,177,975
Liabilities and Net Debt			
Promissory Notes	$ 1,042,500	$ 492,500	$ 2,703,199
Treasury Bills	---	550,000	650,000
Debentures	12,125,413	11,407,923	9,920,454
Gross Debt	$ 13,167,913	$ 12,450,423	$ 13,273,653
Less: Total Equity in Sinking Funds	450,185	427,408	499,868
	$ 12,717,728	$ 12,023,015	$ 12,773,785
Amounts Due to Other Crown Entities	$ 46,326	$ 76,326	$ 76,326
Other	5,758	5,758	5,758
Total Liabilities	$ 12,769,812	$ 12,105,099	$ 12,855,869
Unrealized Foreign Exchange Gain	$ 24,846	$ 29,450	$ ---
Less: Net Debt	3,938,175	3,674,845	3,677,894
Total Liabilities and Net Debt	$ 8,856,483	$ 8,459,704	$ 9,177,975

---

[1] 1991 Estimated has been adjusted to reflect 1990 actual.

Note: Debt repayment in foreign currency has been restated in Canadian dollar equivalents.

Combined Funds
Summary of Net Debt

(In Thousands of Dollars)

	Estimated 1991-92	Forecast 1990-91	Estimated 1990-91 [1]
Revenue and Expenditure			
Revenue	$ 4,554,200	$ 4,674,300	$ 4,283,465
Expenditure	4,819,266	5,032,707	4,646,610
Excess of Expenditure over Revenue	$ 265,066	$ 358,407	$ 363,145
Net Debt, Beginning of Year	3,674,845	3,315,952	3,315,952
Net Equity Adjustments	(1,736)	486	(1,203)
Net Debt, End of Year	$ 3,938,175	$ 3,674,845	$ 3,677,894

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[1] 1990-91 Estimated has been adjusted to reflect 1989-90 actual.

Combined Funds
Gross Debt by Allocation

(as at March 31)

(in Thousands of Dollars)

	Estimated 1992	Forecast 1991	Estimated 1991[1]
Reimbursable Debt			
Crown Corporations[2]			
Agricultural Credit Corporation of Saskatchewan	$ 717,454	$ 630,454	$ 719,008
Crown Investments Corporation of Saskatchewan	2,600,159	2,514,207	2,441,544
Municipal Financing Corporation of Saskatchewan	119,332	116,042	136,828
Saskatchewan Crop Insurance Corporation	202,491	202,491	576,782
Saskatchewan Economic Development Corporation	174,851	118,951	214,038
Saskatchewan Government Printing Company	---	---	706
Saskatchewan Housing Corporation	317,304	317,304	317,304
Saskatchewan Power Corporation	1,927,613	1,769,113	1,849,796
Saskatchewan Property Management Corporation	751,120	693,620	736,805
Saskatchewan Telecommunications	774,244	843,305	856,334
Saskatchewan Water Corporation	198,090	124,247	172,995
Total Crown Corporations	$ 7,782,658	$ 7,329,734	$ 8,022,140
Other			
Federal-Municipal[3]	$ 4,495	$ 4,995	$ 5,639
University of Saskatchewan	2,208	2,208	2,217
Investment in Agricultural Land *	184,436	184,436	184,436
Total Other	$ 191,139	$ 191,639	$ 192,292
Total Reimbursable Debt	$ 7,973,797	$ 7,521,373	$ 8,214,432
Non-Reimbursable Debt			
Government of Saskatchewan	$ 5,194,116	$ 4,929,050	$ 5,059,221
Gross Debt	$ 13,167,913	$ 12,450,423	$ 13,273,653

---

[1] 1991 Estimated has been adjusted to reflect 1990 actual.

[2] These enterprises are responsible for the payment of principal and interest.

[3] These obligations represent monies loaned to the Province by the Federal Government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

* Recoverable from the sale of land held by the Agricultural Division of the Saskatchewan Heritage Fund.

Note: Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

Combined Funds
Summary of Total Debt

(as at March 31)

	(in Thousands of Dollars)		
	Estimated 1992	Forecast 1991	Estimated 1991 [1]
Promissory Notes (for the purpose of)			
Crown Corporations [2]	$ 737,854	$ 342,500	$ 1,464,223
Government of Saskatchewan	304,646	150,000	1,238,976
Total Promissory Notes	$ 1,042,500	$ 492,500	$ 2,703,199
Treasury Bills (for the purpose of)			
Crown Corporations [2]	$ ---	$ 395,354	$ ---
Government of Saskatchewan	---	154,646	650,000
Total Treasury Bills	$ ---	$ 550,000	$ 650,000
Debentures (for the purpose of)			
Crown Corporations [2]	$ 7,044,804	$ 6,591,880	$ 6,557,917
Government of Saskatchewan	4,889,470	4,624,404	3,170,245
Other:			
- Federal-Municipal [3]	4,495	4,995	5,639
- University of Saskatchewan [2]	2,208	2,208	2,217
- Investment in Agricultural Land *	184,436	184,436	184,436
Total Debentures	$ 12,125,413	$ 11,407,923	$ 9,920,454
Gross Debt	$ 13,167,913	$ 12,450,423	$ 13,273,653
Equity in Sinking Funds (for the purpose of)			
Crown Corporations	$ 425,570	$ 410,776	$ 483,356
Government of Saskatchewan	23,068	15,221	15,110
University of Saskatchewan	1,547	1,411	1,402
Total Equity in Sinking Funds	$ 450,185	$ 427,408	$ 499,868
	$ 12,717,728	$ 12,023,015	$ 12,773,785
Guaranteed Debt	1,457,362	1,157,362	1,157,362
Total Debt	$ 14,175,090	$ 13,180,377	$ 13,931,147

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[1] 1991 Estimated has been adjusted to reflect 1990 actual.

[2] These enteprises are responsible for the payment of principal and interest.

[3] These obligations represent monies loaned to the Province by the Federal Government with the understanding that the monies would be re-loaned to Saskatchewan municipalities under identical conditions.

* Recoverable from the sale of land held by the Agricultural Division of the Saskatchewan Heritage Fund.

Note: Debt repayable in foreign currency has been restated in Canadian dollar equivalents.

Capital Financing Program

Introduction

Under the direction of the Minister of Finance, Saskatchewan's Capital Financing Program involves the raising of funds, through the issue and sale of Province of Saskatchewan securities, to assist in the financing of Crown corporation capital budgets, as well as for general government purposes. As indicated below, the 1991-92 Capital Financing Program is estimated at $1,926 million of which $1,255 million is for Crown corporations and $671 million is for government purposes.

With respect to financing sources, it is estimated that $100 million will be available to the Province in 1991-92 from the Canada Pension Plan Investment Fund. Consequently, $1,826 million will be raised in capital markets to complete the 1991-92 Capital Financing Program.

While the Canadian domestic capital market has been and will continue to be the primary source of capital for the Government, a strategy of positioning the Province in all major international markets has been adopted in recognition of the global financial marketplace. The capital markets of Europe, the United States and Japan are important sources of financing for the Province.

The Capital Financing Program, net of $1,208 million debt redemption, will increase gross debt by $718 million during 1991-92. This will bring gross debt of the Province to $13,168 million as at March 31, 1992. Approximately 60 per cent of the Province's gross debt is incurred for the purpose of Crown corporations, such as Saskatchewan Power Corporation and Saskatchewan Telecommunications. These enterprises are responsible for the repayment of principal and interest.

Estimated Application and Sources of Borrowing Requirement

(In Thousands of Dollars)

		Estimated 1991-92
Estimated Application of Borrowing Requirement		
Crown Corporations		
Agricultural Credit Corporation of Saskatchewan	$	87,000
Crown Investments Corporation of Saskatchewan		536,100
Municipal Financing Corporation of Saskatchewan		30,000
Saskatchewan Economic Development Corporation		60,900
Saskatchewan Power Corporation		334,000
Saskatchewan Property Management Corporation		132,500
Saskatchewan Water Corporation		74,500
Total Crown Corporations [1]	$	1,255,000
Government		
Budgetary Deficit	$	265,066
Debt Repayment		405,811
Total Government	$	670,877
Total Borrowing Requirement	$	**1,925,877**
Estimated Sources of Borrowing Requirement		
Canada Pension Plan Investment Fund	$	100,000
Capital Markets		1,825,877
Total Borrowing Requirement	$	**1,925,877**

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[1] Includes $802 million for debt repayment.

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Saskatchewan Finance

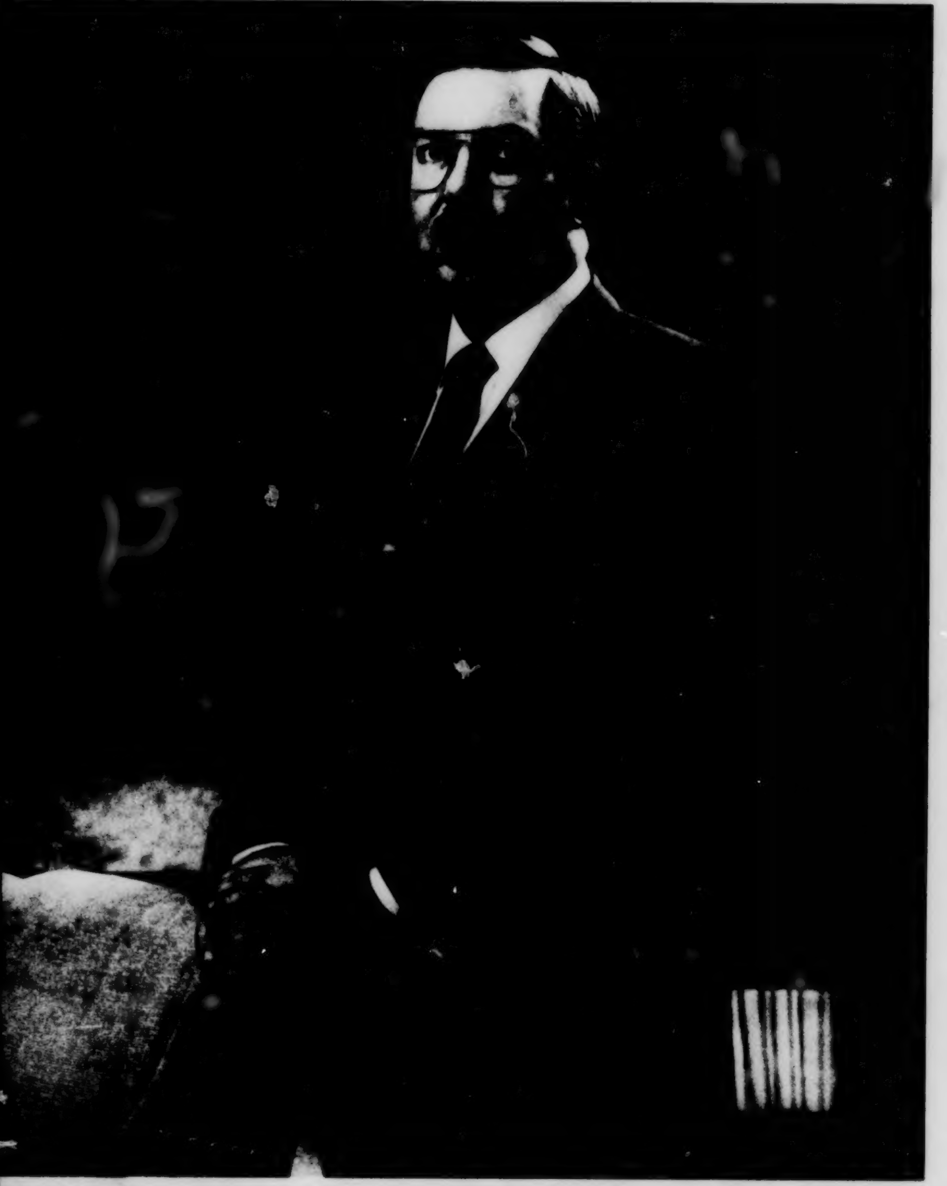
Hon. Lorne H. Hepworth
Minister

CHOICES

PRESERVING THE SASKATCHEWAN WAY OF LIFE

CHOICES

PRESERVING THE SASKATCHEWAN WAY OF LIFE



Message from the Minister of Finance

Budgeting in the 1990s is very different than it was in the 1980s. World events are affecting all our lives and those events are unfolding at an increasing pace. As world markets changed in the 1980s, basic resource and commodity prices dropped to record lows at the same time that interest rates rose. As a result, it is now costing us more for what we want at a time when we are earning less.

This has required a change in how government manages. Saskatchewan has taken two important steps. One is to involve people further in making the choices that have to be made and the other is to use that involvement to develop a plan to preserve the Saskatchewan way of life.

The changing world has made old processes of government management seem inadequate. People have become more interested in how decisions are made. This interest is welcomed by the Government, as making the choices necessary requires the dedicated co-operation of us all.

Saskatchewan is at a crossroads. With your help, we have been able to put policies into place that will secure the Province's future. Over the past few years, a tremendous investment has been made to build a service and technological infrastructure in our communities that has made programs like Community Bonds and Fair Share Saskatchewan possible. Another investment has been made in the farm community, most recently with GRIP and NISA, to help stabilize farm incomes and the communities that depend on farmers.

We have created an environment that welcomes new businesses, large and small. Now, with the means of security at hand, spending must slow down. We must let the creation of wealth help pay for these investments. We must set priorities that protect these investments and let them do the work they are intended to do. We had your help during the building years, now we must continue to work together during the stabilizing years.

Over the past two years, I have had the opportunity to meet with people from all over the Province at my pre-budget meetings.

These meetings have drawn increasingly larger audiences and have had the double benefit of setting the budget in an understandable context, while giving me a better idea of what your priorities are.

An important step in continuing this dialogue is providing more and better information to the public. This is why I announced new rules for disclosure of financial information last November and released last year's audited financial statements earlier than usual.

I believe in the old adage that well-informed consumers are the best customers. I am also certain that, to ensure our security, we are going to have to be able to adjust quickly to changing situations. Information is the tool that will enable us to do that.

We have tried to make the budget document easier to read and understand. In this document, the current conditions in the Province of Saskatchewan are presented in terms of how those conditions affect Saskatchewan people. This document also outlines the Budget in terms of how it affects people's everyday lives.

In line with your suggestions, this Budget establishes a six point plan for financial recovery. This six point plan will allow us to establish reasonable and attainable deficit targets for the next three years, including a balanced budget in 1993-94.

The Government's plan for the years to come covers financial management, economic diversification and strengthening agriculture and rural Saskatchewan. As well, it covers our important public services in health and education.

In the following pages, our plan to secure Saskatchewan's future is explained. Your involvement at all stages leading to this Budget has been instrumental in making the choices necessary to design this plan. It is a plan for the future, developed by Saskatchewan people and, when fully implemented, will be a major step toward preserving the Saskatchewan way of life.

Lorne H. Hepworth,
Minister of Finance

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The Province We Live In 2

The Saskatchewan economy is diversifying and now serves a wide variety of markets, although some of our most important industries have experienced difficulties in recent years.

Financial Realities 8

Budgeting is never easy, but these are particularly difficult times for Saskatchewan. Revenue has not kept pace with growing spending pressures.

The 1991-92 Budget and Financial Plan 14

This Budget presents a six point plan to protect and enhance important programs in health, education and agriculture, while leading to a balanced budget.

Strengthening Agriculture and Rural Saskatchewan 24

Agriculture and the rural way of life are fundamental to the character of Saskatchewan. This Budget will ensure a strong future for rural Saskatchewan and the entire Province.

Health in Saskatchewan 32

The challenge is to help Saskatchewan people be as healthy as possible. This Budget ensures continuing support for vital health programming.

Education — Saskatchewan's Future 40

One-quarter of Saskatchewan's population is enrolled in our education system. The future depends on quality education, which is assured in this year's Budget.

Diversifying the Saskatchewan Economy 48

A strong and diversified economy will ensure growth and stability for Saskatchewan people. Saskatchewan is taking steps to prepare for the 21st Century.

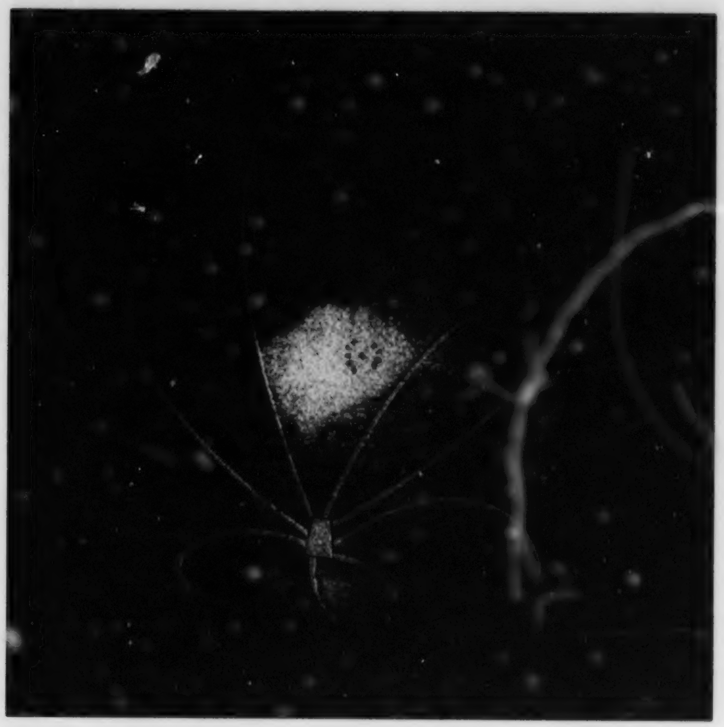
Government Financial Accounts 54

Saskatchewan people want to know more about how their Government operates. Details reveal how the Government is financed and where it spends its money.

Highlights of the 1991-92 Budget 57

The Province We Live In

The Saskatchewan economy now serves a wide variety of markets.



The New Realities

Our quality of life is significantly influenced by Canadian and world events. Developments in world economies, changing world trade patterns and interest rates can have profound effects on our economic and financial well-being.

The structure of the world economy is in the midst of profound change. Volatile situations exist in the Middle East, the Soviet Union and Eastern Europe. Fundamental change is underway in Western Europe with the unification of Germany and a move towards a single European market.

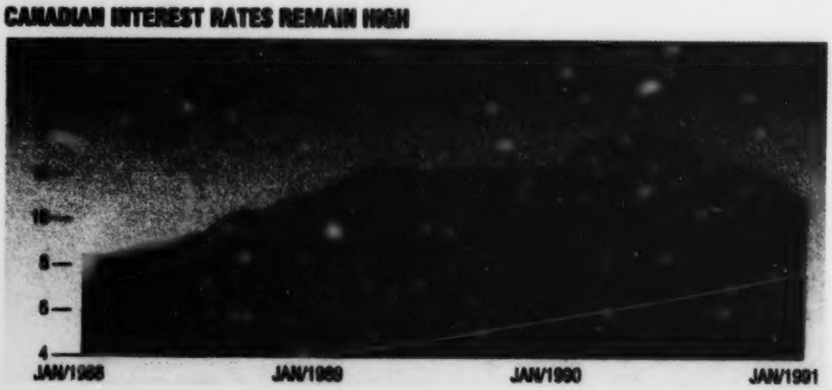
The slow progress of negotiations under the General Agreement on Tariffs and Trade (GATT) seriously threatens immediate prospects for reducing unfair agricultural subsidies. Our farmers, who are among *the most* productive in the world, cannot compete with the massive export subsidies of Europe and the United States.

Growth of the Canadian economy halted last summer as the Bank of Canada's high interest rate policy slowed investment and consumer spending. While Canadian interest rates have started to ease, together with American rates, they still remain high. As a consequence, this burden on our farmers, our businesses and government continues to hamper our economic recovery.

Whatever the outcome of these developments, Saskatchewan faces a decade of dramatic change in its markets, both in North America and overseas.

We are vulnerable to changes in world markets. The total value of trade is worth nearly 75 per cent of our production. Any decline in the prices paid for our exports or a loss of market share directly affects jobs and incomes in Saskatchewan.

CANADIAN INTEREST RATES REMAIN HIGH



Higher interest rates in Canada than in the United States have made it more difficult for our farmers and businesses to compete.

During the 1970s, increases in world prices for Saskatchewan wheat, oil, uranium and potash exceeded inflation and contributed greatly to our quality of life. The Province's economy grew rapidly and government revenue available for programs and services increased dramatically.

In the 1980s, the situation changed radically. Falling world commodity prices, grain trade wars, drought and high interest rates slowed our economic growth and the growth in revenue necessary to finance programs and services like health and education. We can no longer be solely dependent upon our agricultural and resource sectors. We must diversify the economy if we are to preserve the Saskatchewan way of life.

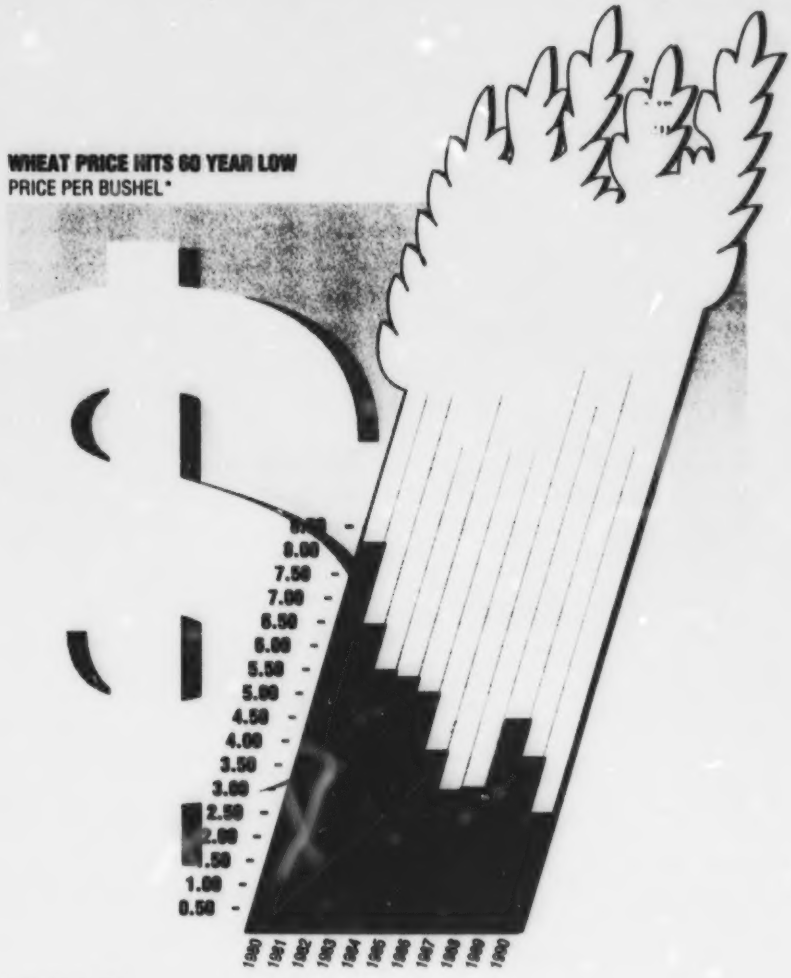
Our ability to produce export commodities at competitive prices continues to provide a sound foundation for the Province. But, it is not enough, if we want to ensure jobs and prosperity now and in the future.

Over the last decade, the Government has adopted a strategy designed to build on existing strengths, while creating an environment favourable to new areas of economic development. Only by strengthening our economic foundation and diversifying the economy can Saskatchewan build a more stable and prosperous future.

Agriculture – A Major Contributor To the Economy

In the 1970s, booming farm exports ushered in farm prosperity. In the 1980s, drought and foreign export subsidies contributed significantly to financial hardship for farm families and farm communities.

In 1990, Saskatchewan agriculture represented about 10 per cent of all the goods and services produced in the Province. One in five jobs, 82,000 in total, were in agriculture. However, with the indirect effects agriculture had on the economy, a total of 120,000 jobs were dependent on this sector.



* INFLATION-ADJUSTED

Currently, record low grain prices, rising production costs, debt and the prospect of continued turmoil in world grain markets weigh heavily on farmers.

Last year, Saskatchewan farmers produced a near record crop. While farmers produced more, they earned less because world wheat prices fell nearly 35 per cent during 1990.

In 1988, realized net farm income was nearly $1 billion, about $15,000 per farmer. However, since 1988, realized net farm income has been falling. In 1990, realized net farm income fell to less than $200 million; an annual take-home pay of only $3,000 per farmer.

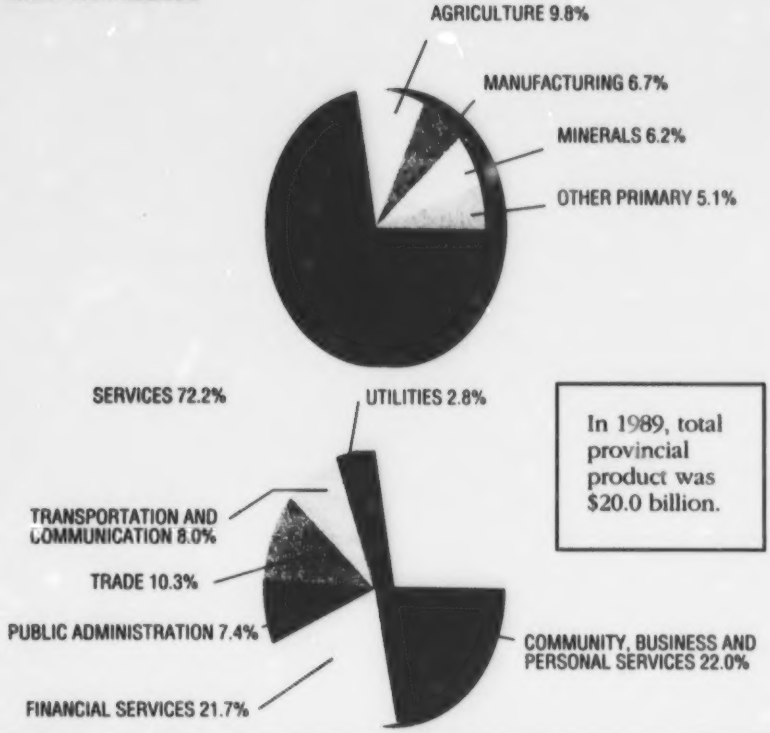
Left to the marketplace alone, it is projected that, on average, farmers will each lose $1,300 this year.

Farmers will likely have to borrow just to pay their bills, let alone pay themselves a wage. This drop in income directly affects the Government's revenue base as fewer income tax and sales tax dollars will be received from farmers.

The key long-term problem with the grain industry today is the subsidy programs currently in place in the European Community and the United States.

These programs have kept American and European wheat moving at the expense of other exporters and pushed the price of wheat to its lowest level in sixty years, after adjusting for inflation.

WHAT WE PRODUCE



In 1989, total provincial product was $20.0 billion.

Uranium Industry Remains Optimistic

Saskatchewan uranium provides clean efficient electricity in nine countries around the world.

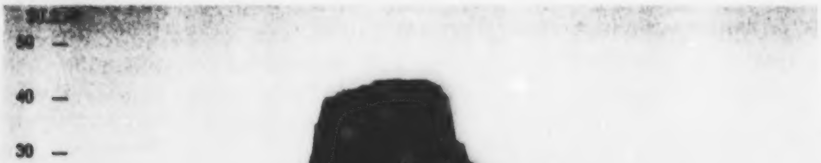
Saskatchewan contains some of the richest uranium deposits in the world. Consequently, the Saskatchewan mines are better placed than most to weather the current industry doldrums.

About 1,000 miners are employed in our uranium industry. Resource royalty payments to the Province are projected to be $25.5 million in 1991-92.

With rising demand for uranium, industry observers expect Saskatchewan's sales to double during this decade.

There are already three producing mines in Northern Saskatchewan. Four additional uranium mines could be operating by the end of the 1990s. At least 50 per cent more people will be employed in the mines, if these projects go ahead.

URANIUM PRICE REMAINS LOW
SPOT PRICE



Potash Reserves for the Future

Saskatchewan produces one-quarter of the world's potash supply and possesses over 40 per cent of the world's potash reserves. These reserves are sufficient to maintain current levels of production for well over 500 years.

Over 2,700 individuals are employed by Saskatchewan's potash industry. Potash production will contribute $57.5 million to provincial revenue in 1991-92.

Oil – Energy in Abundance

Saskatchewan is the second largest producer of oil in Canada, producing about 73 million barrels per year. Approximately two-thirds of this production is medium and heavy gravity oil.

Nearly 8,000 jobs are dependent on the oil industry in this Province. For 1991-92, the Province anticipates $252.2 million in revenue from oil royalties and taxes.

The average oil well in Saskatchewan produces about 15 barrels of oil per day. Improved horizontal drilling techniques show promise for higher productivity, higher profitability and greater oil recovery.

Saskatchewan has an estimated 25 billion barrels of heavy oil in the Kindersley-Lloydminster area.

In the past, much of the Province's heavy oil was exported to the United States because of the limited capacity of Canadian refineries to process heavy oil.

Canada's first heavy oil upgrader, the Co-op NewGrade upgrader, is located in Regina and has a capacity of 50,000 barrels of oil per day. The construction of this facility created over 2,000 person-years of

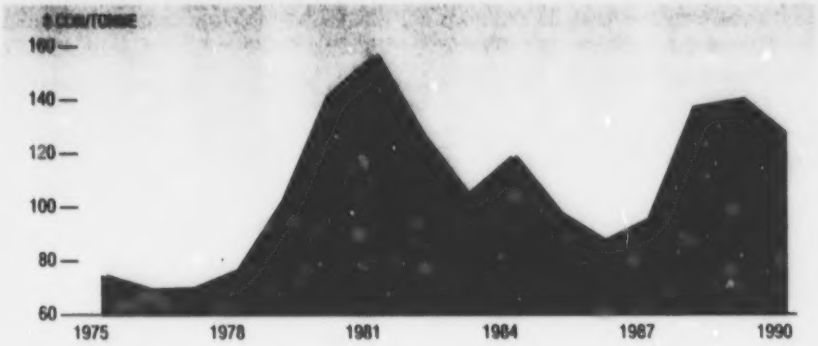
Potash is very important for agricultural production in other countries. Currently, over 90 per cent of potash is used as fertilizer.

Approximately 60 per cent of Saskatchewan's potash production, from its ten mines, is exported to the United States.

The 1988 resolution of the trade dispute over potash between Canada and the United States stabilized the potash market, and prices rose sharply to $137 per tonne. Since then, potash prices have softened, falling to around $126 per tonne in 1990.

The Saskatchewan potash industry is pursuing enhanced export opportunities in such countries as China and Brazil where particular needs for potash have been identified.

POTASH PRICE FLUCTUATES WIDELY

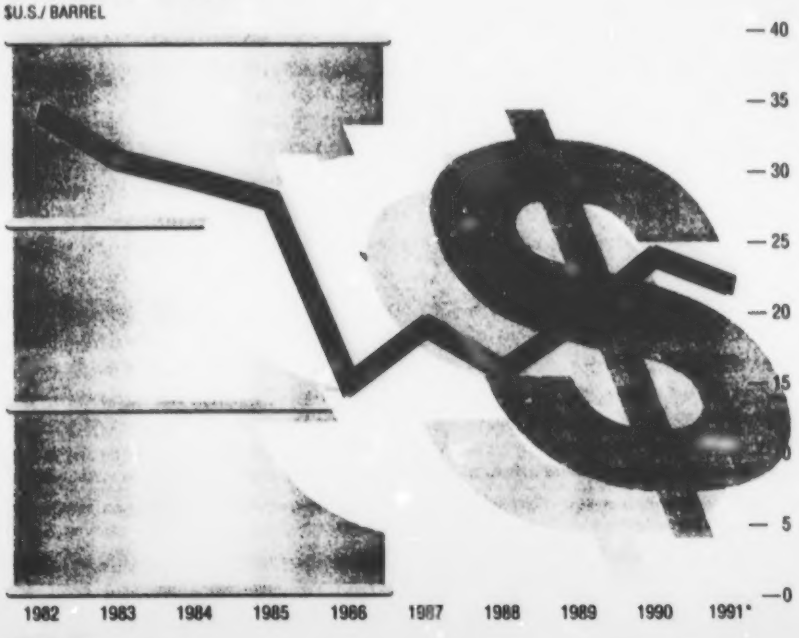


work and 80 permanent jobs in Saskatchewan to produce synthetic crude that can then be fed into an oil refinery.

Construction of a second, $1.3 billion, upgrader is underway at Lloydminster. This upgrader will process up to 46,000 barrels of oil per day when completed in 1992. During the construction of this facility, over 2,600 person-years of work will be generated and, when completed, over 330 permanent jobs will be created.

The current situation in world oil markets is extremely unstable. In the span of a year, oil prices have gone from around $20 per barrel to over $40 per barrel and back to where they started. The uncertainty related to developments in the Middle East has been a key factor in determining the price of oil. It is expected that this market will remain volatile well into the future.

UNSTABLE OIL PRICES



* FIRST QUARTER

Quick Facts on the Economy

- Saskatchewan has some of the most affordable housing in the country.
- Almost 40% of the Province's total employment is in firms having fewer than 50 employees.
- Women are more actively involved in the economy. In 1975 the female participation rate was 40.3% whereas in 1990 the rate had risen to 57.8%.
- Saskatchewan has over 20% of all farms in Canada.
- Saskatchewan's Gross Domestic Product (GDP), a measure of the value of goods and services produced in the Province, was $20.0 billion in 1989. This amounts to $19,900 per person.
- Saskatchewan's current unemployment rate is the lowest in the country.
- Harmonizing the provincial sales tax with the federal Goods and Services Tax will make Saskatchewan's industries more competitive and increase investment opportunities in the Province.

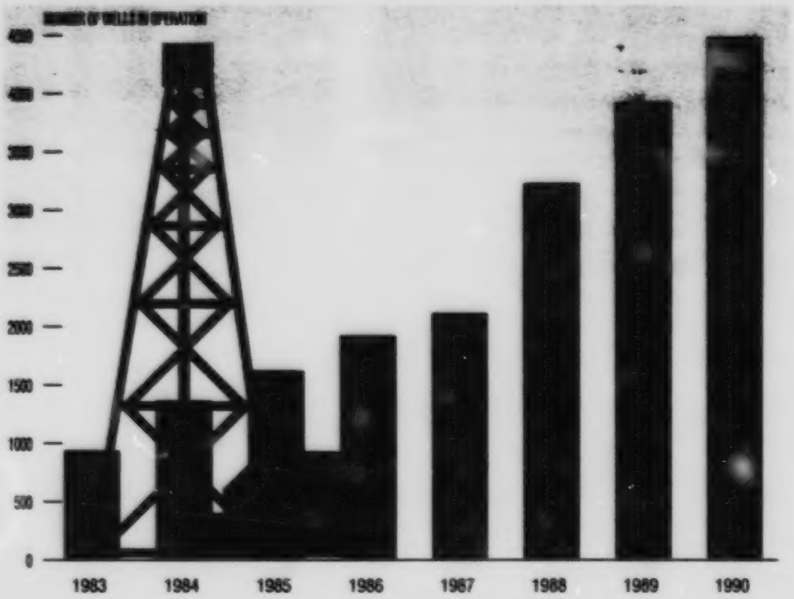
Saskatchewan is Self-Sufficient in Natural Gas

Saskatchewan's efforts to develop the natural gas industry have made the Province self-sufficient in this resource. Just ten years ago, Saskatchewan bought 65 per cent of its natural gas from Alberta.

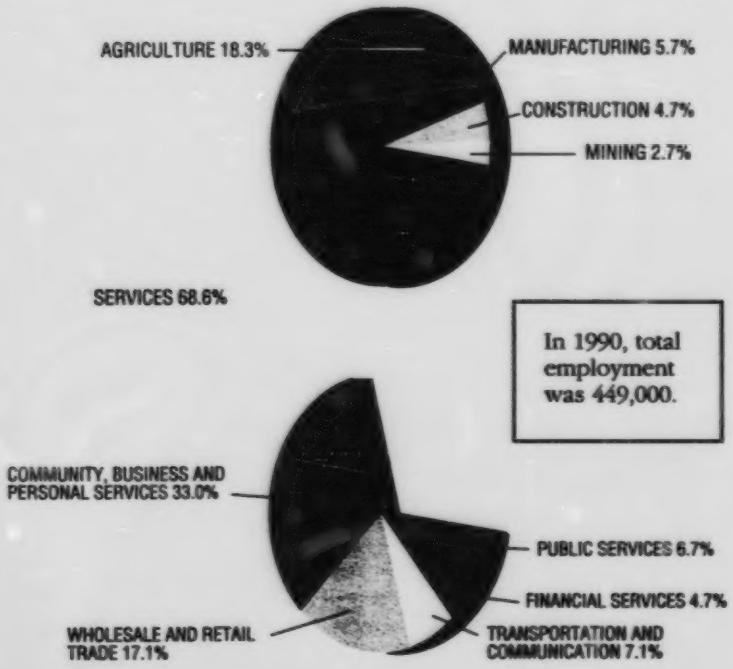
Natural gas sales rose 13 per cent in 1990. Most new sales were to consumers outside of the Province. Investment in 1990 was over $90 million, reflecting 566 gas wells drilled.

Well drilling and production means 500 jobs for Saskatchewan people and $60.6 million in revenue for the provincial Government in 1991-92.

NATURAL GAS SUPPLY ON THE RISE



WHERE THE JOBS ARE



In 1990, total employment was 449,000.

The service-producing sector accounts for over two-thirds of the economy and over 300,000 jobs.

Manufacturing and High Technology – The Spirit of Innovation

Manufacturing has experienced consistent growth over a number of years and offers potential to achieve increased diversification and stability in the provincial economy. For example, in 1987, the manufacturing sector employed 23,000 individuals. Now, over 26,000 are employed in this sector.

Much of Saskatchewan's manufacturing has consisted of small-scale establishments geared toward servicing local markets.

Manufacturing activity has traditionally been based on agriculture. Food processing is the largest component of the manufacturing sector, accounting for almost 30 per cent of total manufacturing. Saskatchewan's manufacturing sector also produces farm machinery, chemical products, fabricated steel, tempered glass, hydro turbines, computer software, paper and a wide variety of other products.

Prospects for Diamonds and Gold

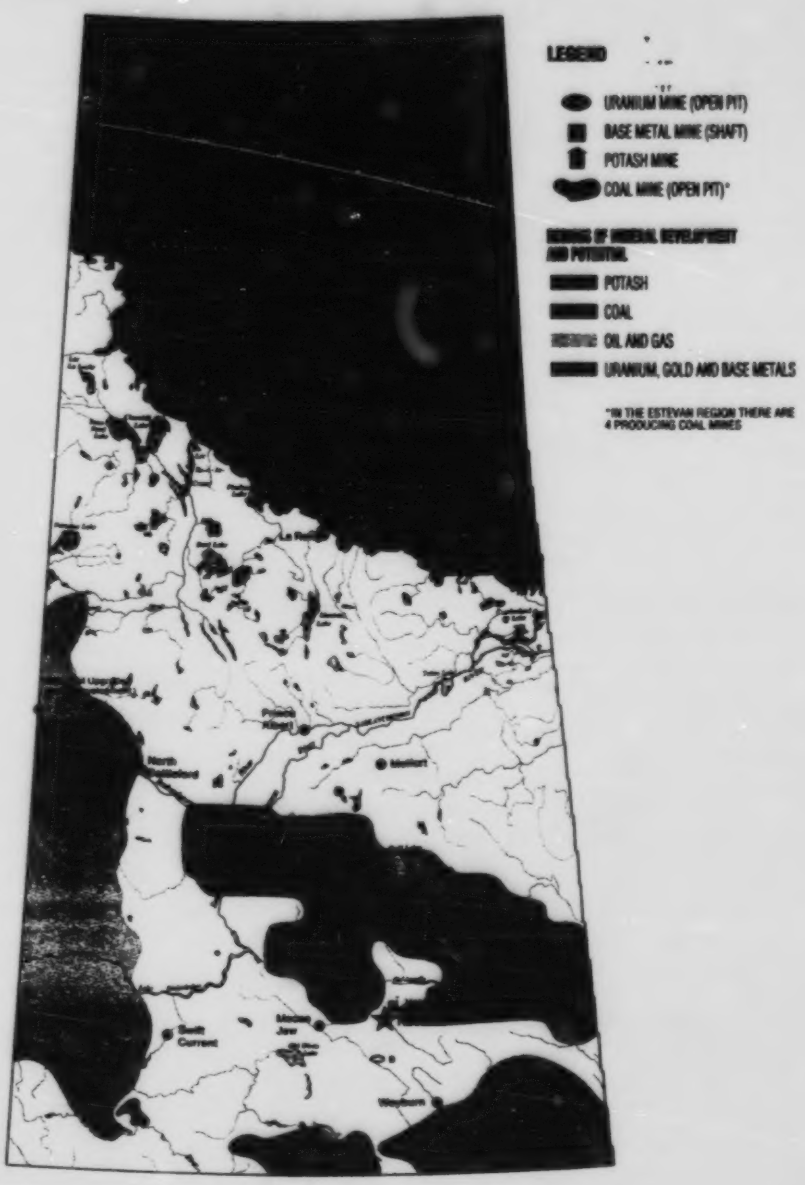
Two of the more alluring facets of Saskatchewan's mining industry are diamond and gold deposits.

The 1988 discovery of kimberlite near Prince Albert resulted in international interest in diamond exploration in Saskatchewan.

Kimberlite is a rare rock in which most diamonds occur. Diamonds have been discovered, but only time will tell if deposits in Saskatchewan are large enough to be commercially viable.

Saskatchewan has gold reserves centred around La Ronge. Gold mines tend to have short lifespans, but do provide an important source of employment in Northern Saskatchewan.

SASKATCHEWAN'S MINERAL WEALTH



The further processing of primary products, such as grain, livestock, forest products and oil is a growing component of Saskatchewan's manufacturing sector.

The high technology industry, centred in Saskatoon, continues to grow in importance. Satellite and communications products are produced for domestic and international sale. China, England and Alberta, for example, are relying on SaskTel for telecommunication advice.

This sector has over 200 firms employing 3,500 people and invests about $150 million annually in new products and technologies.

A Natural Success in Forestry

Saskatchewan has 150,000 square kilometres of commercial forest lands in the northern portion of the Province. This is an area about twice the size of New Brunswick. About 60 per cent of this forest land contains softwood species, mainly jackpine and spruce, and 40 per cent hardwood species, mainly aspen and poplar.

Over 750 individuals log Saskatchewan's forests. Forestry levies contributed about $3 million last year to government revenue.

These resources are being utilized in a number of ways. Weyerhaeuser Canada Ltd., which employs 1,100 individuals, ships finished bond paper to seven provinces and sixteen American states from its pulp and paper mill in Prince Albert.

The Millar Western zero-effluent pulp mill is under construction at Meadow Lake. This facility will employ 400 workers during construction. More than 115 permanent jobs in the pulp mill and 350 logging jobs will be created when the mill is completed.

Financial Realities

Spending pressures are growing, while revenue growth slows.

Demands and Constraints

Many factors which affect the Province's finances are beyond our control, including national and international economic conditions, interest rates and commodity prices.

There are, however, factors which the Province can influence. The following are the main issues which the Province must address within a difficult economic environment.

Health Services - The overall costs of providing quality health services are rising at a faster rate than government revenue and inflation.

Education - Enrolment pressures and rising costs may require adjustments to be made.

Agriculture - This industry, which is essential to our economy, must be supported through these difficult times.

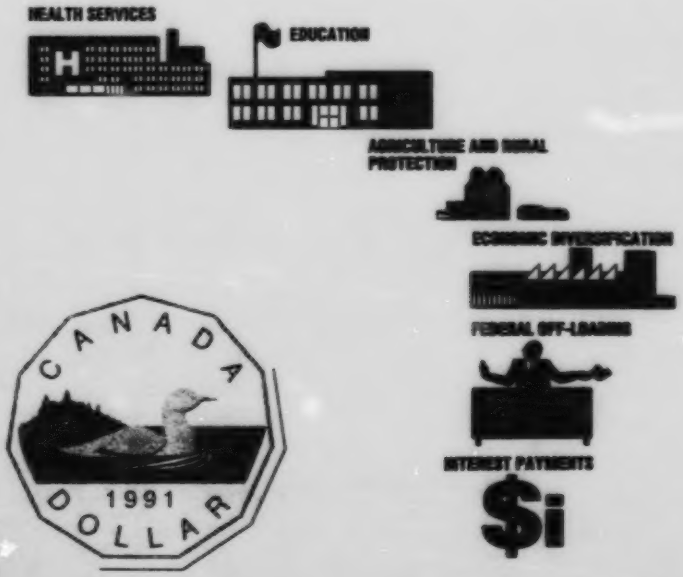
Rural Saskatchewan - The way of life that makes this Province unique must be preserved.

Economic Diversification - This key to economic stability must be fostered.

Federal Off-loading - Payments to the provinces are being reduced at the same time that provincial responsibilities are being increased.

Interest Costs - Flexibility to respond to changing spending priorities is being constrained by high deficits and growing debt.

All of these issues must be addressed in a manner which preserves our stability and ensures financial security.



Spending Priorities

In the 1980s, economic conditions were less than ideal. Saskatchewan families needed protection.

Since 1982, the Government has provided this protection for families through the following:

- $154 million to protect homeowners from high mortgage interest rates;
- $180 million to assist farmers in coping with drought conditions;
- $280 million to assist students;
- $276 million to relieve the interest burden on farmers; and,
- $383 million to assist seniors.

Further assistance has been provided over the same period to ensure that adequate infrastructure was available for a high quality of life throughout the Province, including:

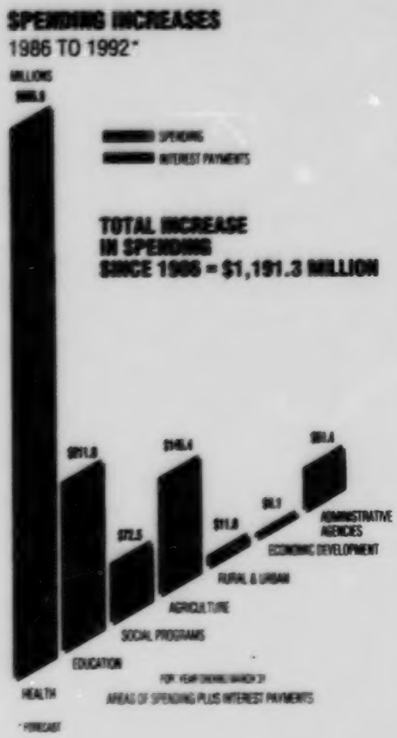
- $297 million for natural gas projects, including rural gasification ;
- $873 million for new electric power stations;
- $225 million for individual telephone line services in rural areas; and,
- $87 million for the Rafferty-Alameda project.

Since 1986, annual government spending has increased by $1.2 billion, or $1,200 for every provincial resident.

Over 88 per cent of this increase was for health, education, agriculture and associated interest costs. Since 1986, 58 per cent of the $1.2 billion increase in spending has been for health, 18 per cent for education and 12 per cent for agriculture.

Much of this increase has been for building new hospitals and schools, and payments to doctors, nurses and teachers.

Since 1986, $309 million has been spent on building new hospitals and special-care homes and renovating existing ones; and, $362 million has been spent on building and renovating schools and universities.



Protecting the priority areas of health, education and agriculture is important to the people of Saskatchewan, particularly when economic conditions are less than ideal. But, this protection is not free.

Government revenue has also been affected by poor economic conditions. Protection of the priority areas has required deficit financing. As deficits continued from year to year, the Province's debt grew.

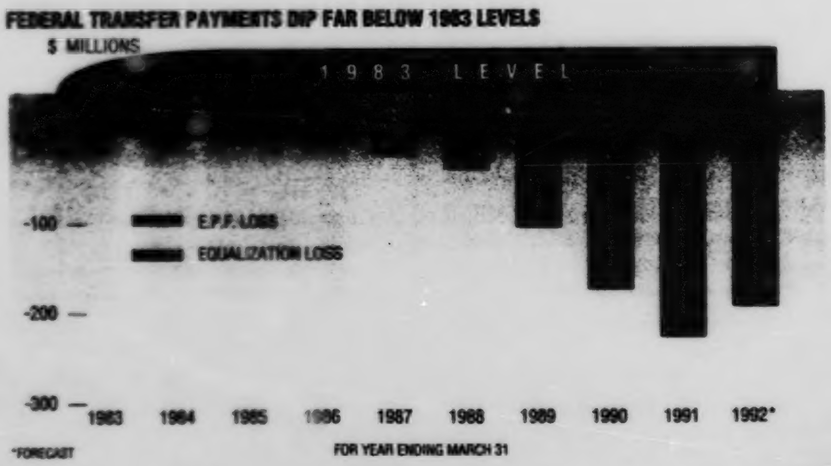
We cannot ignore financial realities and live beyond our means. Choices must be made.

Federal Budget Cuts Hurt Saskatchewan

Cuts in federal payments to Saskatchewan have put a severe strain on the Province's ability to provide much-needed programs.

The federal government makes two major payments to the provinces. One is Established Programs Financing (EPF) which supports health and post-secondary education. Since 1977, payments from the federal government for these programs have been in the form of unconditional grants. This means that the Province receives a lump sum payment, based on its population, which it may allocate among spending priorities.

The other major federal payment is Equalization, a cornerstone of Canada's Constitution, which provides funding to "have not" provinces. Saskatchewan, Manitoba, Quebec and the Atlantic provinces receive payments to enable them to provide services comparable to those of other



provinces. Without these payments, there would be a wide variation in the quality of government services from province to province.

But, in recent years, the methods of calculating EPF and Equalization payments have been unilaterally changed by the federal government. This has reduced Ottawa's payments and support for national standards of government programs and services.

The payments received by Saskatchewan in 1991-92 will be just over $1 billion, but this is $192 million less than would have been provided by the original formulas.

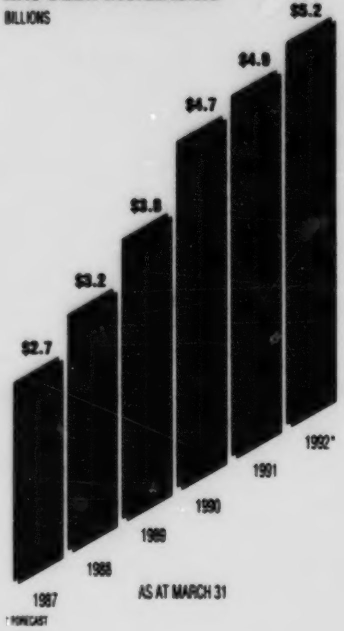
The 1991 federal budget aggravated this loss by extending the freeze on the growth of EPF payments to 1996. This will cost the Province another $330 million over the next five years. This federal action has been especially harmful at a time when the Province is most in need.

Reduced federal funding for Equalization and EPF means that provinces like Saskatchewan will face increasing difficulty funding priority programs, such as health and education, at national quality levels.

At the same time that Ottawa has reduced its major transfers to the provinces, it has also reduced its services to many of the people of Saskatchewan. The Province has faced increasing spending pressures as groups, such as Treaty Indians and people seeking training and retraining, have been abandoned through federal cutbacks.

The combination of reduced federal transfers and increasing spending pressures on the Province will add to the challenges to be faced by Saskatchewan in the coming years.

GOVERNMENT DEBT HAS BEEN INCREASING



The Provincial Deficit

Governments across Canada are facing high annual operating deficits and increasing debt. Annual deficits, and the increasing debt they cause, occur when governments spend more than they take in.

In Saskatchewan, this imbalance has been worsened by harsh economic conditions and falling world prices for the goods we produce. As a result, growth in government revenue has been reduced while the cost of government programs and services has escalated.

To protect important government services, despite declining revenue growth, the Province has incurred annual deficits. Annual deficits mean that the Province has had to borrow to pay its bills, adding to the provincial debt. The increase in our debt has, in turn, caused an increase in the interest payments on that debt to the current level of almost $500 million per year.

While the annual provincial deficit is declining, before we can eliminate our long-term debt and annual interest costs, we must first eliminate the annual deficit. Tough, but necessary, choices to reduce our spending to a level less than our annual revenue will be required.

If these tough choices are not made, we will transfer the burden of our debt onto our children and future generations. We will also endanger the unique quality of life we enjoy.

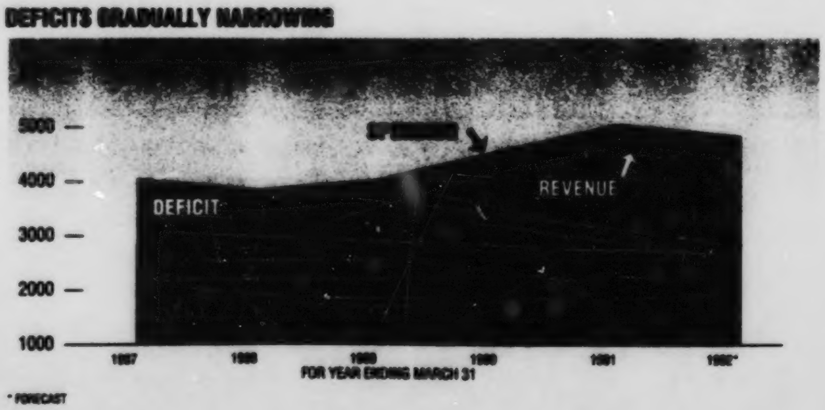
Future Challenges Require Planning Now

While the economic and financial challenges of today must be met, we must also position ourselves to meet the changing demands of the 1990s and beyond. The social, economic and technological changes of tomorrow must be anticipated and planned for today.

Global competition and trade are increasing. This is placing increasing emphasis on economic diversification efforts.

Technology is improving and the

DEFICITS GRADUALLY NARROWING



change is becoming more rapid. This will place greater demands on governments to provide the funding needed to keep up with technological improvements, particularly in education and health.

Saskatchewan's population is aging. This will continue to have a significant impact on health, pensions and social programs.

There are increasing demands on governments to be all things to all people. The Province is under pressure to fill roles often previously filled by volunteers and family members.

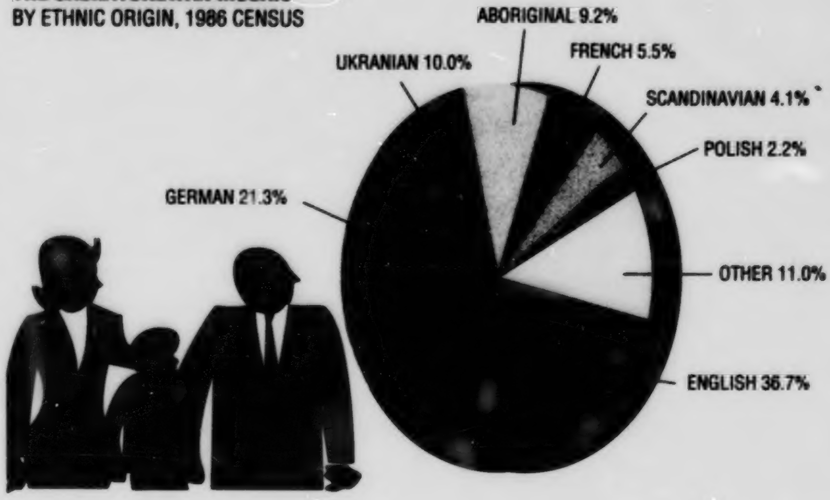
Social consciousness is increasing. People are more aware of the needs of ethnic diversity, the environment and the disadvantaged. They expect government to meet these needs quickly.

People are moving to the cities. As people leave rural areas, it will be more difficult both to meet the needs of urban centres and to maintain rural services.

A Changing Population and Society

The age, nationality and distribution of Saskatchewan's population continue to change. Government programs and services must adjust to meet the needs of this changing population.

THE SASKATCHEWAN MOSAIC
BY ETHNIC ORIGIN, 1986 CENSUS



For example, between 1966 and 1986, the rural population of Saskatchewan declined by 20 per cent, while the urban population grew by 32 per cent. If the rural Saskatchewan economy is not revitalized, this trend is expected to continue, with younger families and individuals moving from the rural to the urban areas. This, in turn, will result in the population of rural communities becoming older.

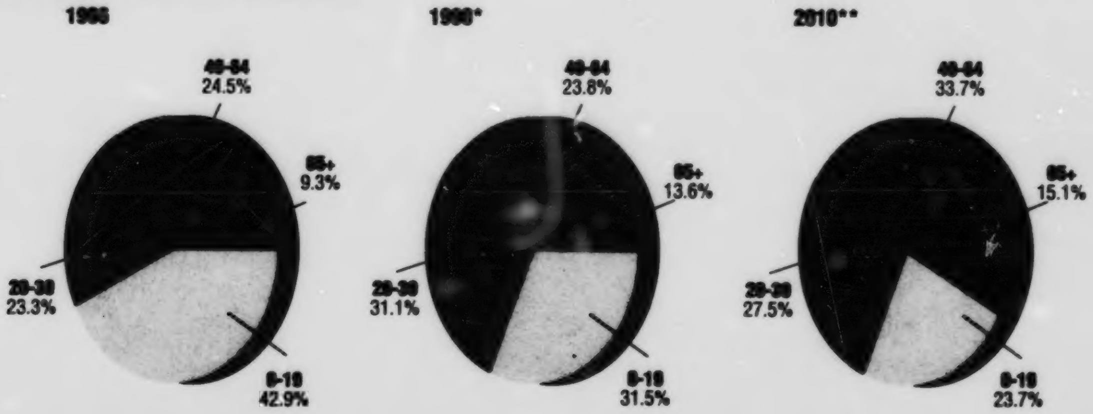
In conjunction with this rural to urban migration, the aging of the post-war baby boom population will result in a greater proportion of seniors in our overall population.

Family structure will also continue to change. The two-parent, one-income family is no longer the standard. The number of single parent families is forecast to increase. Women are anticipated to join the work force in even greater numbers.

These trends all have significant implications for our society and for the programs and services which governments provide.

- Our health system must meet the needs of an increasingly aging population.
- Our education system must prepare for the more complex

SASKATCHEWAN'S POPULATION IS AGING



* ESTIMATE

** PROJECTION

educational requirements of a smaller number of school-age children.

- Our infrastructure and social programs must meet the needs of a declining and dispersed rural population.
- Our social programs must accommodate the needs of changing family structures.

Governments must prepare for the future by developing new and innovative ways to provide services. We, as a society, must also look at ways to respond to the changing needs of individuals and families.

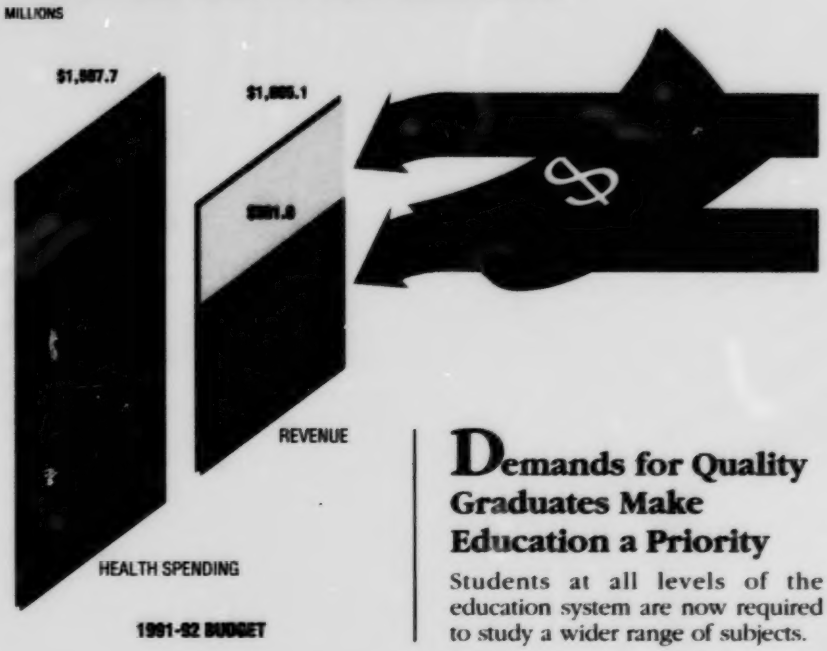
Health Care Taking Up More of the Budget

The two sources of government income originally designed to pay for both education and health, the provincial Education and Health Tax and federal EPF transfers, now cover less than two-thirds of the current costs of health alone. New technology, an aging population and increases in the use of medical services will exert greater upward pressure on the costs of our health system in the future.

Left unchecked, the cost of providing health services in the future will continue to take up a growing share of government spending. Unless government revenue is greatly increased, rising health-care costs will reduce our ability to fund not only other important areas but also the health services we enjoy today.

Health is, and will continue to be, a priority, but ways must be found to make health services more affordable and more efficient. All partners in health services delivery must seek greater efficiencies, if we are to preserve the level of quality health services we have now.

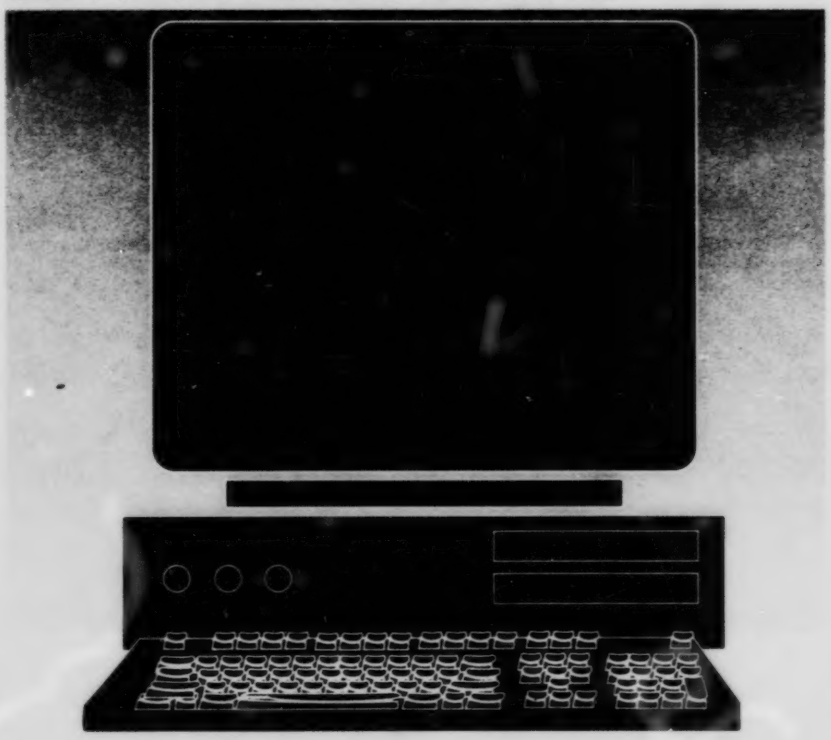
HEALTH SPENDING EXCEEDS TWO MAIN FUNDING SOURCES

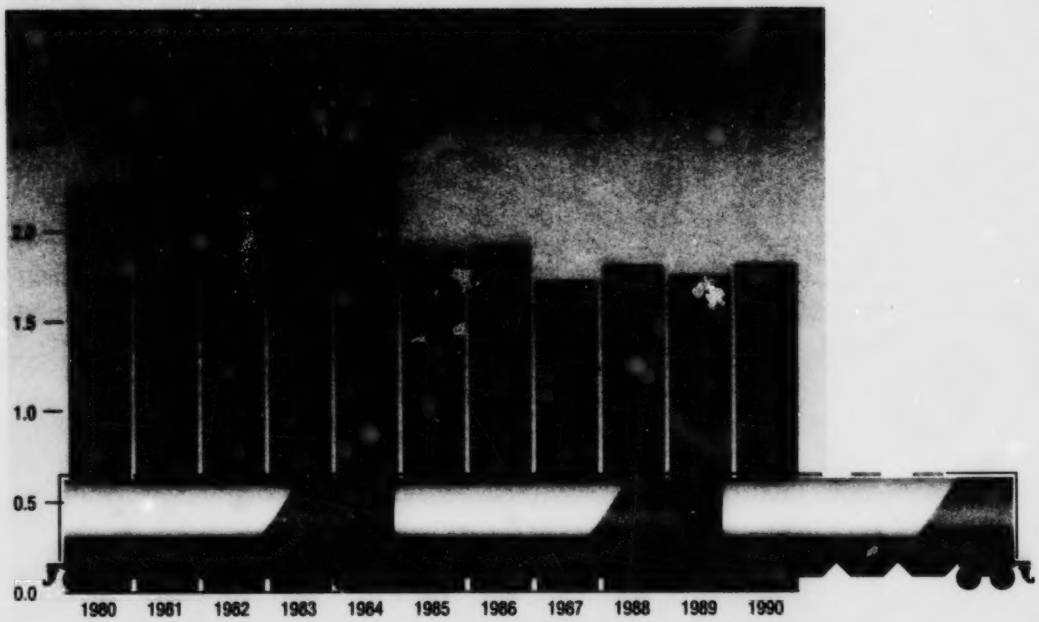


Demands for Quality Graduates Make Education a Priority

Students at all levels of the education system are now required to study a wider range of subjects.

SASKATCHEWAN SCHOOLS ARE USING MORE COMPUTERS
NUMBER OF COMPUTERS IN KINDERGARTEN TO GRADE 12 SCHOOLS





GRAIN SALES THREATENED BY FOREIGN SUBSIDIES
VALUE OF SASKATCHEWAN GRAIN SALES

The current cost of educating a student from Kindergarten through to university graduation is about $110,000.

The number of students enrolled in the Kindergarten to Grade 12 school system has remained basically stable throughout the 1980s. However, costs have increased substantially as a result of maintaining quality school systems in rural areas with declining populations, increasing wages and benefits for educators and technological change.

Population movements from rural areas to urban centres and from urban cores to suburban areas have resulted in new schools being built while other schools are being closed. This too has added to costs.

Enrolments in post-secondary education have increased significantly in the past decade. For example, the total number of students in the Province's universities increased from 19,100 in 1982 to 23,500 in 1990, an increase of almost 25 per cent.

As enrolments continue to climb at our post-secondary institutions, there will be added cost pressures.

The changing world will demand that Saskatchewan students and educators have the best facilities and equipment possible. Providing these is an investment in the future. However, more efficient ways of delivering education must be found to provide the quality education that is needed for Saskatchewan students.

Preserving the Rural Way of Life

Agriculture is the cornerstone of Saskatchewan's economy. One out of every five jobs in the Province is in agriculture. An additional one out of every ten jobs is dependent on the agricultural industry.

Production and export subsidies by the Europeans and the Americans have caused grain prices and farmers' incomes to fall to record low levels. However, the price of grain will not stay at these low levels forever. There will be a rebound. Continuing farm support, in the meantime, is essential for the survival of agriculture and our rural communities.

The challenge for the future of rural communities lies in economic diversification, manufacturing and processing. Individuals must share the responsibility with government in meeting this challenge.

Protecting and enhancing the rural way of life is essential for maintaining the character of Saskatchewan and the economic health of the Province.

Diversification - The Key to Stability

The economic and financial difficulties experienced in the 1980s point to why it is so important for the economy to be diversified:

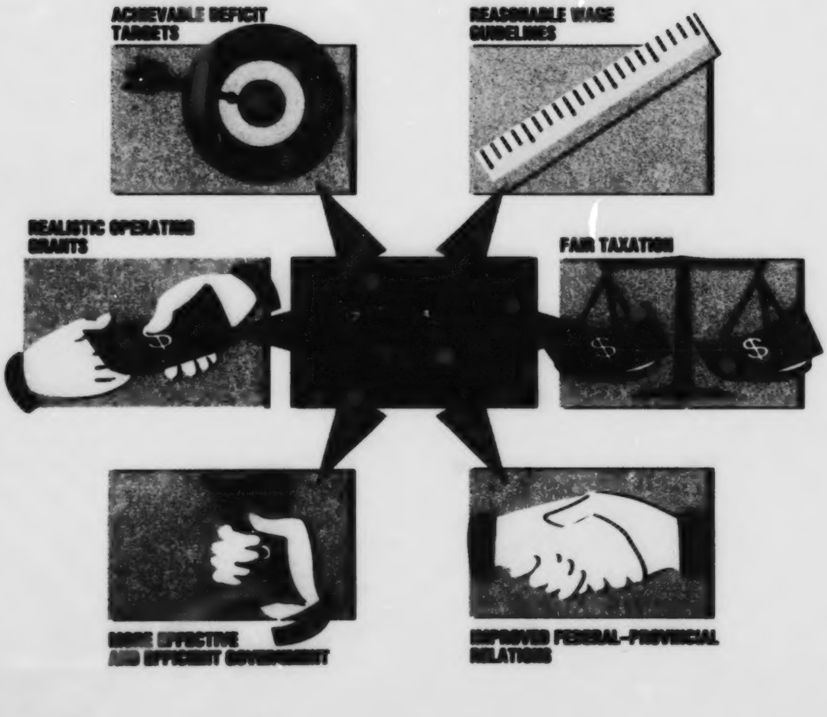
- to provide new jobs and new opportunities in industries which are more secure;
- to stabilize government revenue; and,
- to protect and enhance the funding for existing services.

Both large and small diversification projects are needed. Locally based ventures will strengthen rural communities. All diversification projects will contribute to stabilizing the economy of the entire Province.

The 1991-92 Budget and Financial Plan

This Budget protects vital programs within a financial framework for the future.

The Financial Plan


ACHIEVABLE DEFICIT TARGETS
REASONABLE WAGE GUIDELINES
REALISTIC OPERATING GRANTS
FAIR TAXATION
MORE EFFECTIVE AND EFFICIENT GOVERNMENT
IMPROVED FEDERAL–PROVINCIAL RELATIONS

The national and provincial governments are facing serious financial and economic challenges.

The national recession is being felt across the country. At the same time, falling world commodity prices and grain trade wars have had a serious impact on the Saskatchewan economy over the past decade.

Growth in provincial revenue, necessary to pay for essential social programs like health and education, has been dampened as a result of a slowing provincial economy. The agriculture sector, experiencing the lowest inflation-adjusted wheat prices in 60 years, requires assistance to weather the storm while longer term solutions are being put in place.

These factors, together with a need to protect families during times of adverse economic conditions and a need to build important infrastructure, have lead to increased pressure for deficit financing.

Continuing deficits, and the debt that results, threaten the Province's future. Rising debt servicing costs are using up an increasing amount of the Government's revenue, limiting the amount of funding available for other programming. Without raising taxes, these increasing debt servicing costs must mean reduced government spending elsewhere.

The 1991-92 Saskatchewan Budget sets out a three-year plan to address the financial situation. The six point plan to financial recovery includes:

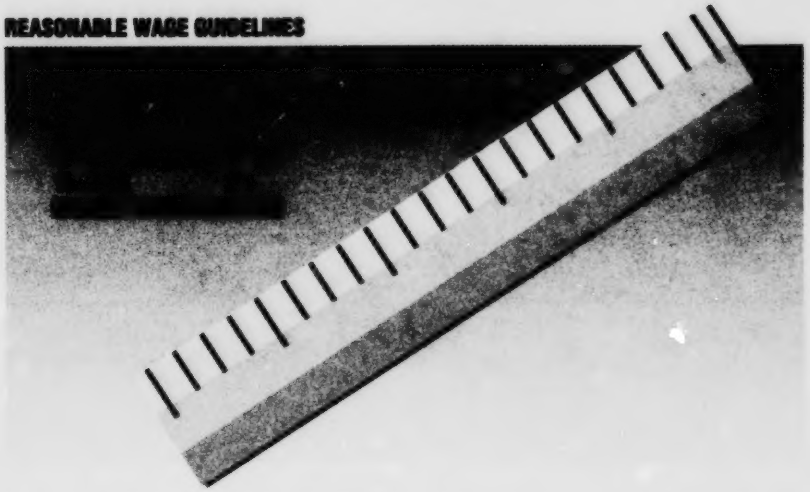
1. achievable deficit targets;
2. reasonable wage guidelines;
3. realistic operating grants;
4. fair taxation;
5. more effective and efficient government; and,
6. improved federal-provincial relations.

1. Achievable Deficit Targets

It is essential that the deficit be eliminated. However, the deficit can only be eliminated through reduced spending or increased taxes, or some combination of the two. This will require priorities to be reviewed, reassessed and refocussed. Difficult choices have to be made, now and in the future.

Eliminating the deficit cannot be accomplished overnight. While moving toward a balanced budget, deficit targets must be reasonable and achievable.

REASONABLE WAGE GUIDELINES



Last year's deficit target had these attributes. The 1990-91 revised deficit projection of $358 million is below the target of $363 million and almost $20 million lower than the 1989-90 deficit.

The deficit targets for the next three years continue the process begun last year. In 1991-92 the deficit is projected to be $265 million. The deficit will be under $150 million in 1992-93, and will be eliminated in 1993-94.

Tough decisions and responsible management of the public purse, along with the remaining five points of the financial plan, will yield a balanced budget by 1993-94.

ACHIEVABLE DEFICIT TARGETS

2. Reasonable Wage Guidelines

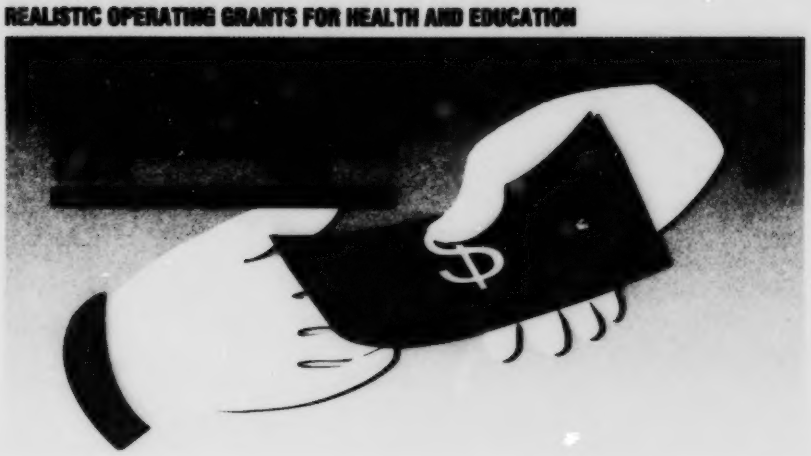
Public sector wage increases in Saskatchewan have been below those in the private sector since 1983. In recent years, increases for Saskatchewan public employees have been the lowest in Canada. Public sector employees have been responsible in their requests for wage increases.

Continued restraint in public sector wages is essential to an effective financial plan. To begin the process, Cabinet Ministers' and Legislative Secretaries' salaries have been frozen for the second consecutive year. MLAs' salaries have been frozen at 1990 levels until the budget is balanced.

In January, 1991, guidelines to restrict increases in public sector wages and compensation to a maximum of 4.0 per cent were announced for the current round of bargaining.

Wages and compensation increases in the public sector, including government departments and agencies and Crown corporations, will be further restricted to a maximum of 2.0 per cent commencing in October, 1991 through 1991-92 and 1992-93. Other provinces and the federal government have announced similar guidelines for their employees.

REALISTIC OPERATING GRANTS FOR HEALTH AND EDUCATION



3. Realistic Operating Grants

Payments to school boards, post-secondary education institutions, hospitals and special-care homes account for over one-third of all government spending. These partners in government must be part of achieving financial stability.

While spending will be reduced in many areas over the next three years, priority programming, particularly in health and education, will be maintained. Realistic operating grants must be established now.

As announced in February, 1991, grants to support these partners will be increased 3.5 per cent in 1991-92. Growth in grants to our partners will be limited to 3.0 per cent in 1992-93 and 1993-94.

These realistic operating grant levels are consistent with public sector wage guidelines and will allow these groups the certainty needed to plan for the future.

4. Fair Taxation

The tax system must be fair, supportive of families, simple to understand and comply with and must encourage economic growth and diversification.

The tax system in place today, including full harmonization with the federal GST by 1992, will serve Saskatchewan well into the future, providing a stable source of revenue.

Therefore, as part of the financial plan, there will be no tax increases for three years.

If revenue resulting from the provincial sales tax harmonization with the federal GST is greater than what is required for GRIP and NISA, the excess will be used to reduce the deficit. Any new spending initiatives will be funded by reductions in other spending.

5. More Effective and Efficient Government

Much has been done to make government effective and efficient.

In 1990, four economic development departments were amalgamated into a single department. In January, 1991, seven government departments and agencies were eliminated and one new one was created.

It is crucial to financial recovery that these efforts continue. Controls on internal spending will be tightened. Restrictions will continue to apply to purchases, travel and hiring. Further streamlining will occur to enhance efficiency and reduce costs.

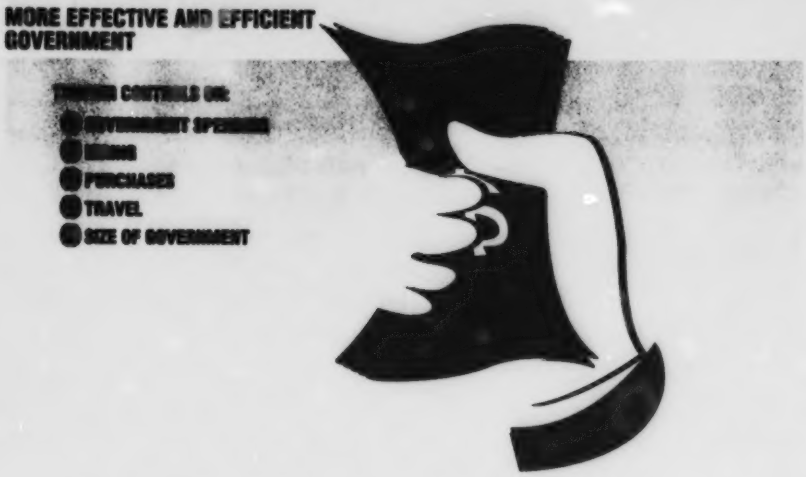
This Budget eliminates funding for 352 government positions. This is more than half of the 600 positions that were announced in January, 1991 to be eliminated from government operations and Crown corporations over the next two years.

Our partners are encouraged to join with us in more effectively and efficiently managing taxpayers' dollars. All governments share the responsibility of governing wisely to preserve the Saskatchewan way of life for the future.

6. Improved Federal-Provincial Relations

Financial arrangements between the federal government and the provinces must be renewed and improved. It is essential to the long-term financial stability of Saskatchewan that a new deal, based on a firm, ongoing, federal financial commitment to health

FAIR TAXATION



MORE EFFECTIVE AND EFFICIENT GOVERNMENT

care, education and agriculture, be worked out.

Everyone in the country benefits from a healthy, well-educated population, regardless of where that population lives or is educated. The federal government has an important role to play in ensuring national standards and consistent programming across the provinces.

Along with this role goes a responsibility to ensure that all provinces are able to live up to national standards. There is a further onus on the federal government, with a national economy from which to draw its revenue, to contribute financially to services which benefit all Canadians.

The federal government's financial commitment to quality health care and education must be reinforced. The federal government also has an important role to play in assisting industries in trouble.

In Saskatchewan, when agriculture is hurting, the economy suffers. When the economy suffers, provincial revenue also suffers. The provincial Government cannot afford to provide adequate assistance to this troubled industry. The federal government has a responsibility to provide help to an industry the prairie region depends so heavily upon.

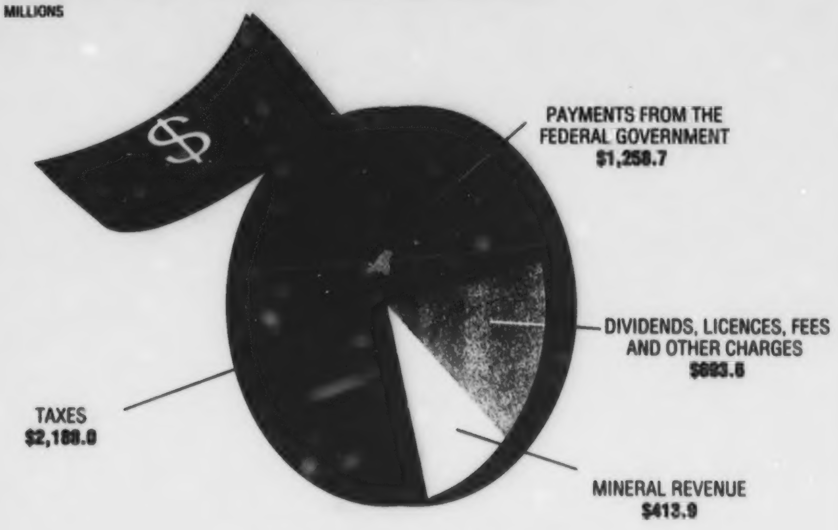
Federal taxes and provincial taxes must work together. They are paid by the same taxpayers. In the past, there have been difficulties maintaining harmony among tax systems while allowing the provinces enough flexibility to respond to their own unique circumstances. New arrangements to coordinate the application and collection of taxes must be made between the federal government and the provinces.

IMPROVED FEDERAL-PROVINCIAL RELATIONS

1991-92 Budget Highlights

- This Budget begins the six-point plan to financial recovery which will eliminate the deficit by 1993–94.
- The 1991-92 deficit is projected at $265 million, down $93 million, or 26% from the 1990-91 deficit of $358 million.
- The deficit will be under $150 million in 1992-93 and eliminated in 1993-94.
- Cabinet Ministers' and Legislative Secretaries' salaries have been frozen for the second consecutive year.
- MLAs' salaries have been frozen and severance packages eliminated until the budget is balanced.
- Operating grants for hospitals, special-care homes, schools, universities, SIAST and regional colleges have been increased 3.5% over last year.
- Growth in these operating grants will be limited to 3.0% in 1992-93 and 1993-94.
- Urban revenue sharing grants have been reduced from last year by 7.5% with provision for a 10.0% safety net.
- Rural revenue sharing grants, targeted to road construction, have been reduced from last year by 15.8%.
- Wages and compensation in the public sector will be restricted to a maximum increase of 4.0% in the current round of bargaining and further restricted to 2.0% in 1991-92 and 1992-93.
- 14 departments and agencies will have their budgets reduced or frozen. Of these, 7 will be reduced by 10% or more.
- This Budget eliminates funding for 352 public service positions.

WHERE THE MONEY WILL COME FROM, 1991-92 BUDGET



TOTAL 1991-92 REVENUE = $4,554.2 MILLION

Where the Money Will Come from in 1991-92

The money that pays the bills for the Government's spending programs comes from a wide variety of sources. The major source is tax revenue, but it is not the only one.

The Province receives money from the federal government; from mineral activity such as extraction of oil, natural gas, potash and uranium; and, from other sources, such as dividends, licences, fees and other charges.

This year's Budget forecasts a modest revenue growth of 6.3 per cent over last year's Budget. Without the tax changes announced in February, including the harmonization of the provincial sales taxes with the federal GST, revenues would have increased by only 3.4 per cent.

Slow revenue growth is mainly attributable to the following:

- federal cutbacks in transfer payments to the Province, particularly under Established Programs Financing, which is intended to fund health and post-secondary education;
- low international prices for our main exports, including wheat, oil, potash and uranium; and,
- weakness in provincial revenue as the Saskatchewan economy feels the effects of international market conditions and a national recession.

Reform of Saskatchewan's Tax System

Fair Taxation

Recent changes to Saskatchewan's tax system have been introduced to ensure that the tax system:

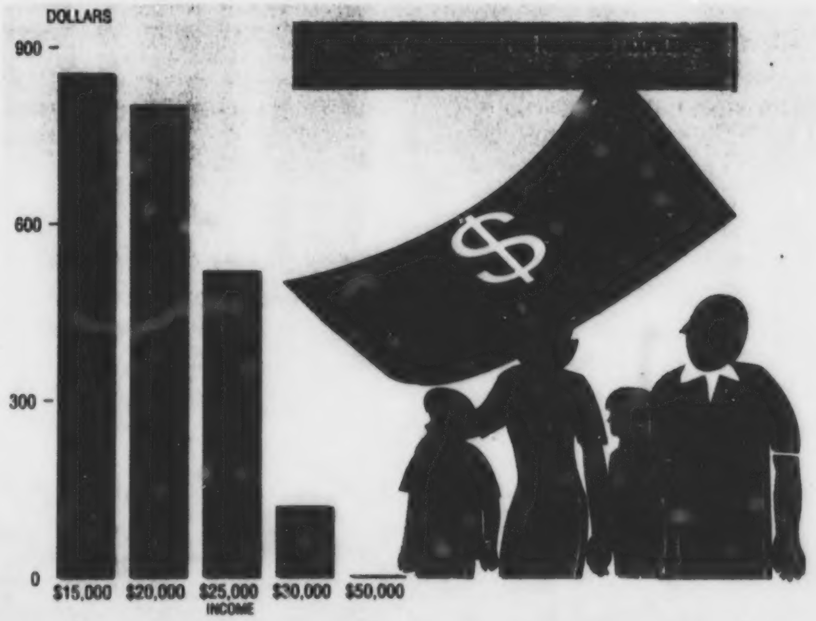
- is fair in its treatment of families;
- achieves important social and economic goals;
- is simple enough that most taxfilers can prepare their own tax returns;
- provides a stable source of government revenue; and,
- is in harmony with the federal tax system.

In 1987, the Province changed the Saskatchewan Tax Reduction in the income tax calculation to increase benefits for lower and middle income families, with special benefits for single parents.

In 1988, the Province reformed its corporate tax system to raise additional revenue from large businesses, while improving the competitiveness of local industry.

HELPING FAMILIES REDUCE TAXES

THE SASKATCHEWAN TAX REDUCTION AND THE FAMILY TAX CREDIT



Family Tax Credit – New Support for the Family

Starting in April 1991, the Family Tax Credit will provide annual credits of up to $200 per child for lower and middle income families. The Credit will be paid to families in four instalments during the year; one each in April, July, October and January.

A family with two children will receive an annual Family Tax Credit of $400 if their income is below $24,355. This income limit is the one used for the federal GST Credit and will be adjusted annually for inflation.

The Credit will be reduced by 5% of family income over this amount. Families with two children and incomes up to $32,355 will benefit from the Credit.

Over 104,000 families in Saskatchewan are eligible to receive the Credit in 1991.

The Family Tax Credit, which will be provided in addition to the Saskatchewan Tax Reduction, will provide $35 million in tax savings for lower and middle income families.

Federal Sales Tax Reform Forced Changes

On January 1, 1991, the federal government replaced the old Manufacturers' Sales Tax with the Goods and Services Tax (GST).

This has resulted in federal and provincial sales tax systems operating side-by-side at the retail level and has caused:

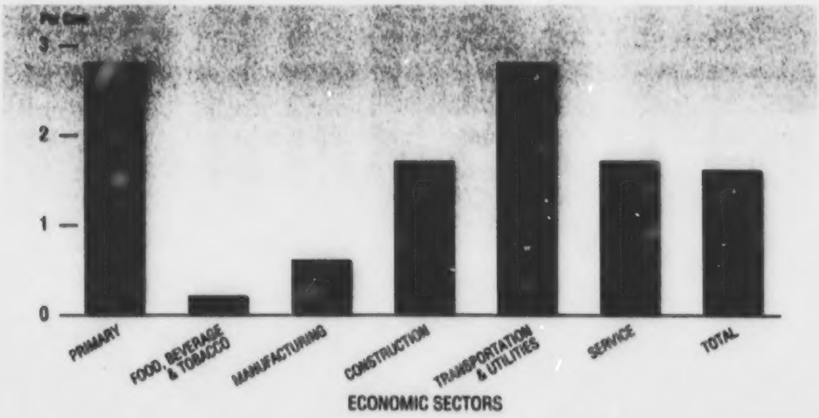
- confusion and uncertainty from having goods taxed under one system but not the other;
- costs and complexity from businesses facing two sets of tax rules and interpretations, two auditors, two filing periods and two tax collectors; and,
- duplication from federal and provincial governments operating separate tax administrations, each doing the same job.

In two stages, on April 1, 1991 and January 1, 1992, the provincial sales tax will be changed to apply to the same goods and services taxed under the GST. This will permit the provincial and federal sales tax systems to be "harmonized" with a single tax administration.

Ensuring Fairness in the Tax System

To protect Saskatchewan's lower income families, the Province is introducing the Family Tax Credit which strengthens support for the family. The Credit provides up to $200 per child to Saskatchewan families.

SALES TAX HARMONIZATION WILL HELP THE ECONOMY
GROWTH IN ECONOMIC ACTIVITY DUE TO HARMONIZATION



The Saskatchewan Tax Reduction, together with the Family Tax Credit will provide annual tax savings of $87 million to lower and middle income families in the Province.

Municipalities, universities, schools and hospitals will also be protected from increases in tax burden.

This Budget provides $1.5 million to educational institutions and libraries to offset the application of provincial sales tax to reading materials.

Economic Benefits from Harmonization

Before harmonization, Saskatchewan businesses were required to pay sales tax on many of the things they bought.

For example, when a Saskatchewan company purchased a computer for $5,000, it paid $350 in provincial sales tax. The tax paid would either be reflected in the price the business charged for its products or would result in lower wages or lower profits. This resulted in lost job opportunities and reduced investment.

Under the harmonized sales tax, Saskatchewan businesses will receive refunds for all sales tax paid on goods purchased in Saskatchewan.

The removal of sales taxes from business inputs will make Saskatchewan businesses more competitive nationally and internationally. They will also benefit from reduced costs by having a single tax administration.

Lower business costs and greater investment will result in increased economic growth. It is estimated that this growth will provide over 5,000 new jobs for Saskatchewan people in the future.

Discussions will also be held with others, such as the tourism industry, non-profit organizations, charities and the housing sector to assess the impact of harmonization.

Harmonization Impact on Business

Saskatchewan's economy is largely dependent upon agriculture and resource industries. These industries tend to invest heavily in machinery and equipment and rely on investment dollars from sources within and outside the Province. They also export much of what they produce and are subject to international market forces.

The application of provincial sales tax to business purchases discouraged investment in new and existing Saskatchewan businesses.

Harmonizing the provincial sales tax with the GST will allow all sales tax paid by business in Saskatchewan to be refunded through input tax credits.

Removing the sales tax from business purchases will boost Saskatchewan's economy by making industries more competitive and by increasing investment opportunities in the Province.

Businesses will also benefit from reduced costs resulting from a single tax administration.

Where the Money Will Go in 1991-92

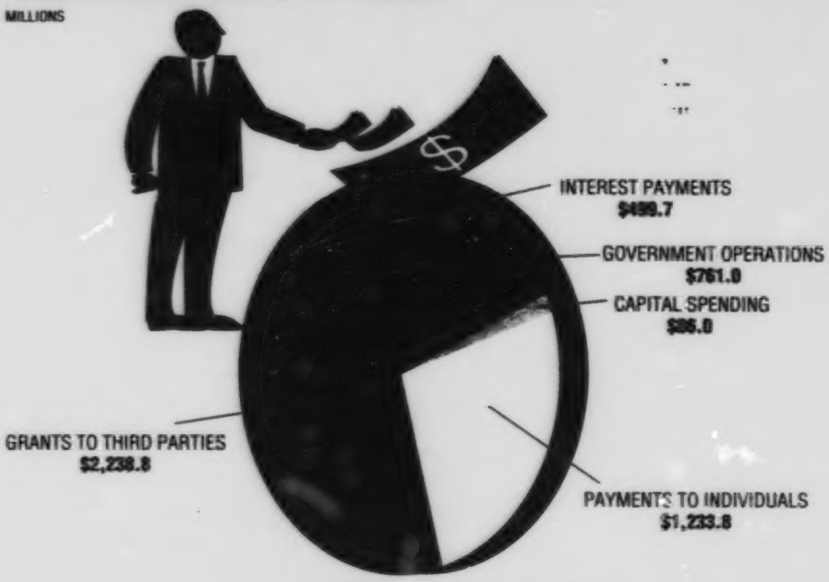
The spending pressures in health, education and agriculture have increased the Government's need to devote more money to these priority areas.

The 1991-92 Budget responds to these needs. At the same time, steps are taken to gain greater value for the money the Government spends. The focus is on increasing the efficiency of all government departments.

These efforts have resulted in significant savings from streamlining government operations and reassessing government spending priorities.

WHERE THE MONEY WILL GO, 1991-92 BUDGET

MILLIONS



TOTAL 1991-92 SPENDING = $4,819.3 MILLION

In 1985-86, government operations accounted for 24 per cent of all spending. In 1991-92, this proportion has been reduced to less than 16 per cent of total government spending.

In 1991-92, the Government of Saskatchewan will spend $4,819 million.

Overall, spending in this Budget will increase by only 3.7 per cent from last year's Budget. This spending increase is significantly below the rate of inflation.

Spending will increase for agriculture, health, education, economic development and servicing the public debt. Spending in other areas will go down by 4.9 per cent.

Fourteen government departments and agencies will have their budgets reduced. Of these, seven will be reduced by ten per cent or more.

Since 1982, the size of government has been reduced by 2,330 positions. This Budget will eliminate funding for an additional 352 positions.

Growth in Saskatchewan's 1991–92 Budget

	per cent
Agriculture	52.3%
Health	6.0
Education	2.7
Interest on the Public Debt	1.3
Economic Development	0.4
Social Programs	(1.6)
Regulatory and Administration	(5.8)
Rural and Urban	(8.9)
Total Spending	**3.7%**

The 1991-92 Saskatchewan Budget – Protecting Saskatchewan Priorities

Agriculture and Rural Saskatchewan

In 1991, Saskatchewan is taking a significant step toward long-term solutions in agriculture and strengthening rural Saskatchewan.

Saskatchewan will participate in the Gross Revenue Insurance Plan (GRIP) and the Net Income Stabilization Account (NISA). In 1991-92, the Government will spend $133.3 million on these two programs.

In addition, the Government will provide $72.0 million to the Crop Insurance program in 1991-92.

The Government is increasing the budget of the Counselling and Assistance for Farmers program (CAFF) to $19.0 million, an increase of 35.7 per cent.

Agriculture Credit Corporation of Saskatchewan's grant for interest rate relief for farmers is increasing to $9.3 million, an increase of 38.6 per cent, as a result of its expanded mandate.

Decentralization of government agencies will continue in 1991. Fair Share Saskatchewan will decentralize more than 100 headquarters, administrative and operational units of departments, agencies, boards, commissions and corporations to smaller communities in Saskatchewan. Fair Share will place permanent government jobs and offices in 100 to 200 communities throughout the Province.

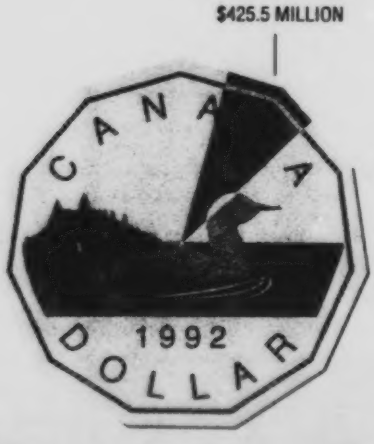
Health Care

At a time when funding is limited and other government services are being cut back, the Government of Saskatchewan is increasing health spending by $90.3 million or 6.0 per cent.

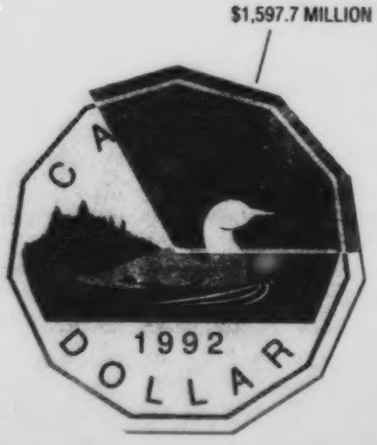
The Province will spend nearly $1.6 billion on health care this year.

- $681.3 million will be spent on operating grants for hospitals.
- $228.6 million will be spent on operating grants for special-care homes.
- $290.7 million will be spent on Medical Care Insurance, including payments to doctors, dentists and chiropractors.
- $93.0 million will be spent on the Prescription Drug Plan, an increase of 15.7 per cent over the 1990-91 cost. The Drug Plan costs would have been $9.8 million higher without the increase in the consumer co-payment from 20 per cent to 25 per cent and other changes announced in February.

AGRICULTURE AND RURAL DEVELOPMENT SPENDING, 1991-92



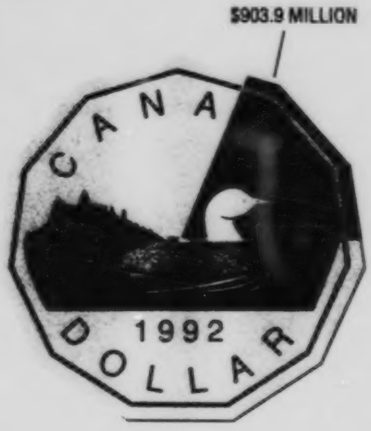
HEALTH SPENDING, 1991-92



1991-92 Budget Highlights

- Provincial revenue will grow by 6.3% in 1991-92.
- Revenue growth would have been only 3.4% in the absence of the move to harmonize the provincial sales tax with the GST.
- Spending is up 3.7% over the 1990-91 Budget.
- Agriculture funding will increase by 52.3% over last year's Budget, including $133.3 million for GRIP and NISA and $72.0 million for the Crop Insurance program.
- Health funding will increase by 6.0% over last year's Budget, including a 6.0% increase for home care, a 10.0% increase for the Cancer Foundation, an 11.1% increase for Saskatchewan Medical Care Insurance and a 15.7% increase for the Prescription Drug Plan.
- Education funding will increase by 2.7% over last year's Budget, including $1.2 million to offset the effects of sales tax harmonization on purchases of reading materials by educational institutions' libraries and textbooks for the Kindergarten to Grade 12 school system, and $290,000 to offset the effects of sales tax harmonization on the acquisition of other libraries' reading material.
- A $20.0 million Saskatchewan Community Builds Program will provide municipalities with greater autonomy for local capital projects.
- $84.4 million is provided for highway capital construction and $126.0 million for highway operations and maintenance.

EDUCATION SPENDING, 1991-92



Education

In the 1991-92 Saskatchewan Budget, the Province's contribution to education will be $903.9 million. This is an increase of 2.7 per cent at a time when additional funds are increasingly difficult to find.

- $451.1 million will be spent on the Kindergarten to Grade 12 school system. This includes $373.4 million for school operating grants, $70.5 million for financing school construction and $7.3 million for the Education Development Fund.
- $201.7 million will be spent on the Province's universities.
- $87.8 million will be spent on SIAST and the regional colleges.
- $36.3 million will be spent on student aid.

Other Important Public Services

A $20.0 million Saskatchewan Community Builds Program will provide municipalities with greater autonomy for local capital projects.

A total of $1.9 million will be provided for transit grants for the disabled. This represents a $300,000 increase over last year.

The Department of Social Services funding for the basic maintenance portion of the foster care rates will increase by ten per cent in 1991-92.

The Child Protection Program will be expanded by the addition of 12 child protection social workers. In addition, $500,000 in increased funding is being provided to the Family Support Program.

The Indian Heritage Trust Fund will provide $15 million over five years to establish an economic development fund for Treaty Indians.

The Saskatchewan Round Table on the Environment and the Economy will receive funding of $700,000 from the Environmental Protection Fund to complete the conservation strategy and conduct other projects.

Almost $4.4 million will be spent to protect Saskatchewan's air, land and water through monitoring, licensing and inspection.

The Environmental Protection Fund will provide $5.3 million for initiatives such as the Environmental Youth Corps, a Blue Box pilot project and waste management initiatives.

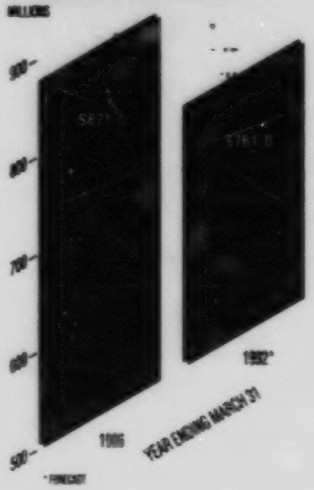
Department of Justice funding will be increased by 5.6 per cent ($8.8 million) from 1990-91. This increased funding will provide for the increased costs of RCMP services and increased funding for courts and jails.

This Budget provides:

- $84.4 million for highway capital construction;
- $126.0 million for operating and maintaining Saskatchewan's highway systems;
- $36.0 million for the Seniors' Heritage Program;
- $84.5 million to manage Saskatchewan's parks, forests and wildlife; and,
- $52.8 million for child care services in the Department of Social Services.

This funding demonstrates continuing commitment to providing important services to the people of Saskatchewan at a time when international conditions have made government funds difficult to find. These conditions make careful management of the public purse even more important if service levels are to be maintained.

SPENDING ON GOVERNMENT OPERATIONS DECLINES



Making Government More Efficient

Efficient and streamlined government operations are crucial in today's economic environment. The Government of Saskatchewan is continually looking for internal savings to make available more funds for deficit reduction.

The Government's commitment to greater efficiency has been ongoing. Since 1985-86, spending on internal government operations has been cut by over $110 million. These costs have dropped from 24.0 per cent of total spending in 1985-86 to 15.8 per cent in 1991-92.

The commitment to creating internal savings continues.

In January, the Government announced a number of major initiatives to reduce spending and increase efficiency, including:

- eliminating seven government departments and creating one new one;
- freezing Cabinet Ministers' and Legislative Secretaries' salaries for the second consecutive year;
- eliminating 600 more positions in government departments and Crown corporations over the next two years;
- restricting public sector wage and compensation increases to a maximum of 4 per cent for the current round of bargaining;

- filling only essential public service positions;
- prohibiting new government vehicle purchases for the 1991 calendar year;
- restricting purchases of government office furniture and computers; and,
- continuing restrictions on government travel.

In February, the Government announced more cost-efficiency measures. The 4.3 per cent increase in salaries and allowances received by MLAs at the beginning of the year was rolled back to zero per cent and frozen until the Saskatchewan budget is balanced. Severance packages for all MLAs have been eliminated.

In this Budget, the Government continues to pursue the savings. Of 30 government departments and agencies, 14 will have their budgets reduced from last year's levels. Of these, 7 will have their budgets reduced by 10 per cent or more from last year.

Already, 352 of the 600 public service jobs slated for removal in the next two years have been eliminated. Efforts are also underway in the Crown corporations to reduce the number of positions and to eliminate waste and inefficiency.

These measures, added together, demonstrate the Government's continuing commitment to using internal savings for the reduction of the deficit.

Making government more efficient also means cutting red tape. The Government of Saskatchewan is doing this with a number of initiatives:

- streamlining regulatory practices to promote economic development in the Province;
- eliminating obsolete and unnecessary Acts and Regulations of the Legislative Assembly;
- training civil servants to provide more prompt and courteous service;
- consolidating government departments to provide "one-stop shopping" for government services; and,
- using clear language in government brochures, forms and letters.

The Government has set up 13 Business Resource Centres and 44 Rural Services Centres across the Province to make government more accessible to smaller communities.

Fair Share Saskatchewan will expand the range of government services available in smaller communities, at the same time, providing permanent government jobs in those communities. Government offices will be moved to 100 to 200 smaller communities across Saskatchewan.

Better Access to Better Public Information

Thirty years ago, the Government's budget was less than $500 million. In 1991-92, the Government will spend $4.8 billion.

However, the Public Accounts, the documents that record how the Government of Saskatchewan collects and spends tax dollars, are substantially the same as they were thirty years ago.

The people of Saskatchewan clearly stated, through forums such as Consensus Saskatchewan, they want more and better information about the Government's spending programs and better access to that information.

In November, the Government responded with a plan called *A New Agenda for Public Accountability*.

This plan is designed to achieve three important objectives. First, it strengthens the role and independence of the Provincial Auditor. With this Budget, the Auditor's own operating budget has been set for the first time by the Board of Internal Economy, an all-party committee of the Legislature. The Government is also working with the Provincial Auditor to establish a new "value-for-money" audit approach that will ensure the public interest is protected in reviewing government spending.

Second, the accountability of publicly funded organizations will be enhanced as all government organizations will be required to submit their financial statements to the Legislature by specified deadlines.

Third, the public will be provided with more timely and relevant information on the Government's financial activities. A major step in this direction was the early release of the audited main financial statements for 1989-90 in December 1990, the earliest that annual statements have ever been released in Saskatchewan.

The detailed accounts of spending for 1989-90, including information on salaries paid and all expenses incurred, were tabled in the Legislature at the earliest possible opportunity this Spring.

With this Budget, the Government is releasing detailed financial information on the 1990-91 fiscal year, including revised estimates of revenue and spending. This marks the first time that such information has been released at budget time in Saskatchewan.

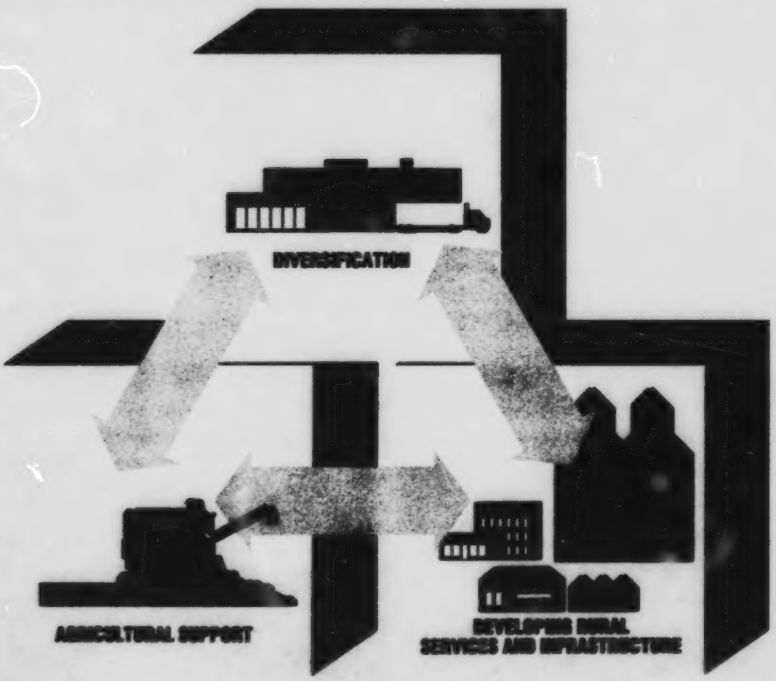
The plan for increased accountability will be refined with more detailed aspects to be worked out with the Provincial Auditor and the Public Accounts Committee, an all-party committee made up of Members of the Legislative Assembly. Efforts will be made to extend the accountability reforms to include other publicly funded agencies, including Crown corporations.

In addition, the Government has prepared a Freedom of Information and Protection of Privacy Act to improve further the Saskatchewan people's access to government information, while ensuring confidentiality of information on individuals.

Strengthening Agriculture and Rural Saskatchewan

Agriculture and the rural way of life are fundamental to the character of Saskatchewan.

THE BUILDING BLOCKS TO PRESERVING RURAL SASKATCHEWAN



The Rural Vision – Building a Better Future

Saskatchewan, especially rural Saskatchewan, has been built around agriculture. Towns were constructed nine miles apart on rail lines to serve the needs of farmers. Businesses in the towns and cities developed around agriculture. The interdependence between towns and agriculture shaped Saskatchewan's identity with a unique focus around communities, co-operation and family. Protecting Saskatchewan's agricultural heritage is of fundamental importance to the Province's future.

Nearly 170,000 people live on farms. One in five people who work in the Province are directly employed in agriculture, with many more jobs indirectly tied to the industry. However, international grain trade wars, droughts and insect infestations have threatened the rural way of life. The plan to preserve this way of life has three building blocks.

Agricultural Support

Agriculture must be supported through these troubled times. Fluctuations in farmers' incomes must be reduced. A strong agricultural sector will provide a solid foundation for rural Saskatchewan and the Province as a whole.

Developing Rural Services and Infrastructure

One half of the people in Saskatchewan live outside major urban centres and must have access to public services. The availability of these services will ensure stable communities and a strong future for rural Saskatchewan.

Diversification

Diversification of the economy of rural Saskatchewan is essential. Diversified agricultural production, together with increased economic opportunities, will ensure strength and stability of the rural economy and the rural way of life.

Farm Assistance Programs

Program payments and benefits to Saskatchewan farmers between 1985 and 1990 have totalled $9.8 billion. These include:

	$ Millions
Western Grain Stabilization Act	$2,043
Western Grain Transportation Act (Crow Benefit)	2,059
Canadian Wheat Board (initial price guarantee)	872
Canada/Saskatchewan Crop Insurance Program	1,746
Canadian Crop Drought Assistance Program	444
Special Canadian Grains Program	859
Fuel Tax Rebates and Exemptions	426
Crop Assistance Program	277
Miscellaneous programs	1,030
Total	**$9,756**

Agricultural Support

Without government support, Saskatchewan farmers would have lost money every year since 1985. The declining incomes of the 1980s have made it more and more difficult for farmers to continue in agriculture.

Since 1985, federal and provincial programs have paid $9.8 billion in support of Saskatchewan agriculture. Much of this support has been delivered through a variety of one-time (or ad hoc) government programs. Although farmers would rather have received a fair price for their products than government assistance, these programs provided important support through difficult times.

Producers and governments recognized that the ad hoc programming of the past did not address longer term needs. Three lines of defence have been established to ensure long-term stability for the industry.

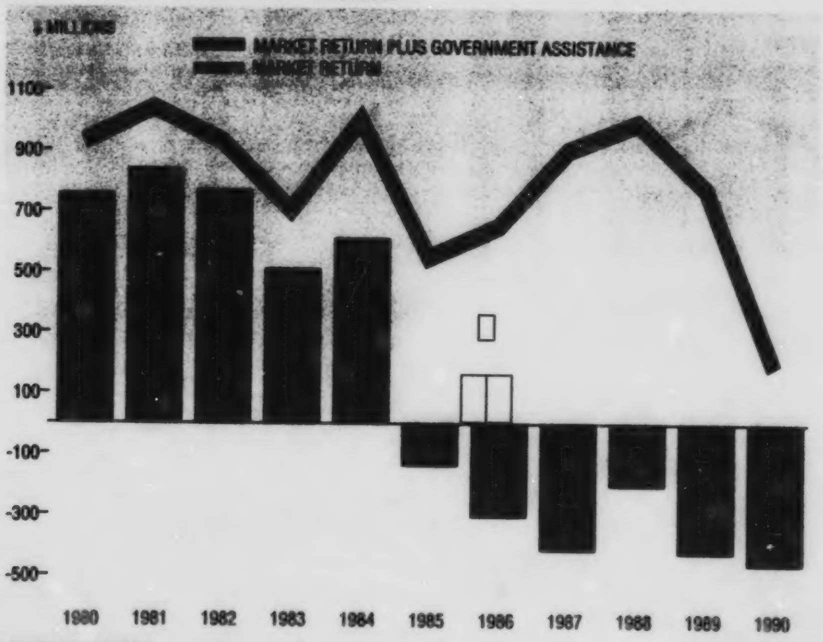
The first line of defence relies on Saskatchewan farmers to continue their traditional innovative and skillful management practices. Farmers must ensure that their own operations are efficient and competitive. More productive marketing and management practices will reduce costs and increase farm incomes. Diversifying into non-traditional agricultural products will provide further market opportunities.

The second line of defence consists of programs designed to reduce variations in farm receipts and provide income stability to the industry.

The new Gross Revenue Insurance Plan (GRIP) and Net Income Stabilization Account (NISA) are part of the second line of defence. These new safety net programs will be cost-shared between producers and governments and will ensure stability of income for grain producers into the future.

Livestock producers are also protected from falling prices by the National Tripartite Stabilization

SASKATCHEWAN AGRICULTURE IN CRISIS*



* REALIZED NET FARM INCOME

1991-92 Budget Highlights

- $106.8 million is provided for the Province's 25% share of the premiums for GRIP and $18.0 million for the Province's contributions to NISA.
- Funding of $38.2 million is provided for the Province's 25% share of premiums under the Crop Insurance.
- The Province will continue to provide 50% of the administration costs of Crop Insurance, as well as 50% of the administration costs of GRIP. In 1991-92 Saskatchewan Crop Insurance Corporation administration will total $26.3 million, including $8.5 million for GRIP.
- This Budget provides funding of $8.1 million as the provincial contribution to the National Tripartite Stabilization Program, with the majority of this benefit going to the livestock sector.
- Total funding of $28.7 million is provided for the Agricultural Credit Corporation of Saskatchewan (ACS), including increased funding of $6.6 million for administration and $2.6 million for interest subsidies.
- Funding for the Counselling and Assistance for Farmers Program has increased from $14.0 million in 1990-91 to $19.0 million in 1991-92. This program provides operating and consolidation loan guarantees with private lenders to ensure that farmers have access to the credit required to farm efficiently.

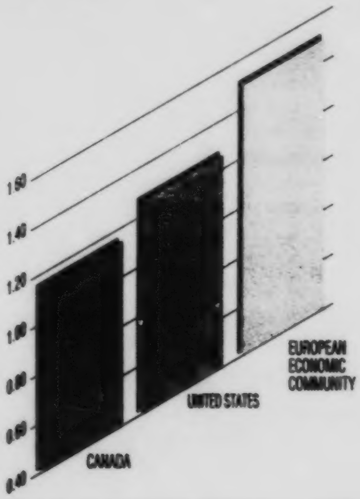
Program. This Program is cost-shared equally between producers and the federal and provincial governments.

A third line of defence will still be required in this transitional year. While GRIP and NISA are being phased in, it is essential that our farmers are supported by the federal government to ensure that the crop is seeded this Spring.

The Agricultural Credit Corporation of Saskatchewan (ACS) has responded to the credit needs of farmers with programs such as the Livestock Cash Advance Program and the Saskatchewan Spring Seeding Program. These programs provided farmers with access to the money required to operate during the year and saved farmers $372 million in interest costs from 1985 to 1990.

FOREIGN WHEAT SUBSIDIES – UNFAIR COMPETITION

CDN $ PER BUSHEL



Saskatchewan farmers are among the most productive in the world. When world markets return to more orderly conditions, our farmers will prosper.”

Gross Revenue Insurance Plan (GRIP)

GRIP combines existing production insurance from Crop Insurance with a new form of revenue insurance. Farmers are guaranteed a gross return before the crop is seeded in the Spring.

The crop insurance portion provides farmers protection whenever the yield or quality of their crop is reduced by weather or other factors.

The revenue insurance guarantee protects farmers against falling prices and rising costs. Farmers are guaranteed 70 per cent of the 15 year average price, adjusted to account for changing farm input costs. This price is applied to each farmer's average production record to let farmers know at the beginning of the year how much they will receive in total from farm production.

Crop Insurance will continue to be available as a stand alone program for those farmers who do not wish to participate in GRIP.

Farm Finance Assistance

Government has provided farmers access to necessary credit at lower interest rates. The following shows the amount of interest expense the Agricultural Credit Corporation of Saskatchewan has saved farmers between 1985 and 1990.

	$ Millions
Capital Loan Program	$ 20
Production Loan Program	243
Livestock Cash Advance	104
Saskatchewan Spring Seeding Program	5
Total	**$372**

Net Income Stabilization Account (NISA)

NISA is a way for individual farmers to set aside money for their future needs.

Farmers can contribute up to 2 per cent of their gross sales (i.e. sales less purchases) of eligible commodities and have their contribution matched by government. Farmers can contribute a further 20 per cent of gross sales of eligible commodities to their stabilization account, but these contributions will not be matched.

Producers' contributions will earn interest at a rate which is three percentage points above the market rate.

Withdrawals can be made from NISA whenever a farmer's net income is below the five year average or a predetermined minimum. The account of each farmer will not be allowed to go into a deficit.

Developing Rural Services and Infrastructure

Providing Public Services

The Province continues to provide and improve health, education and other essential public services to rural Saskatchewan. Rural communities are responding to a changing environment by creating integrated health facilities, sharing services between communities and using local resources wherever possible.

Advances in information, new technology and communications will be important to rural Saskatchewan. Education, information and training are needed in agriculture and to enhance the entrepreneurial skills necessary to diversify our towns and villages.

A major step in meeting these needs is the creation of the Saskatchewan Communications Network (SCN), a satellite and cable television network that brings education and information to smaller centres and soon will deliver programming into farm homes.

Universities, the Saskatchewan Institute of Applied Science and Technology (SIAST) and regional colleges also bring educational opportunities closer to rural Saskatchewan residents through extension courses.

Government is delivering other important programs to rural Saskatchewan. Last year, the Province spent $2 million working with 34 organizations to deliver 127 rural education and development projects. Examples include a series of workshops on marketing attended by over 1,200 people, a rural family workshop and a computer farm accounting course.

The 4-H program, supported by government, instils a sense of community in our youth through education and skill development, while preparing them to be future leaders. The program benefits over 7,500 4-H members and volunteer leaders.

The Province is meeting the challenges of the changing needs of rural Saskatchewan. Health, education and other public services are often more expensive to deliver in rural Saskatchewan because of a dispersed population. The Province is looking for more efficient ways to deliver these services. The people of rural Saskatchewan will be essential contributors in identifying options to ensure that these services continue in the future.

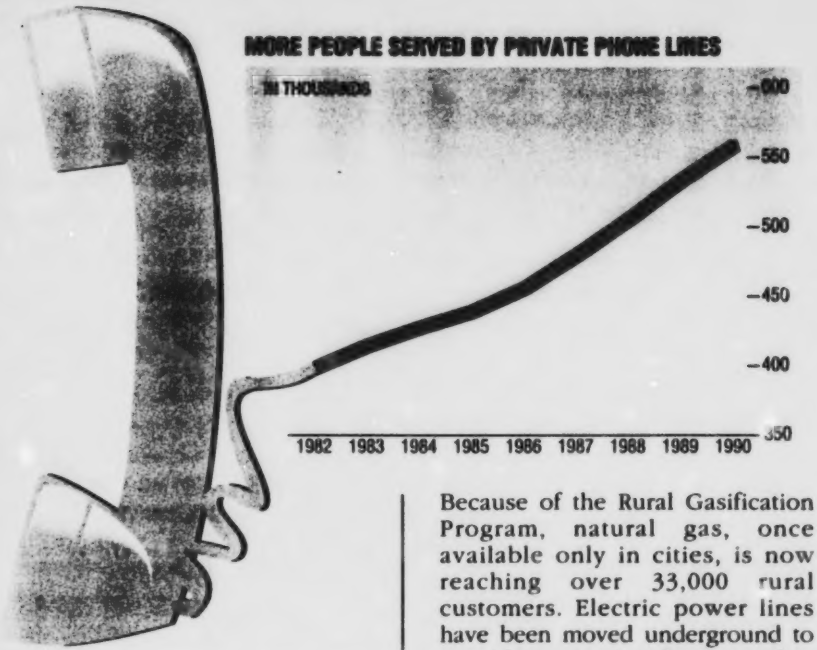
Supporting Foundations for Growth

Roads, rail lines and telephone lines are some of the essential elements of the rural infrastructure. When this infrastructure needed protection, the Province acted.

When the federal government and the railways abandoned branch

1991-92 Budget Highlights

- This Budget provides a further $28.5 million to the Agriculture Development Fund, including $750,000 to the International Centre for Agricultural Science and Technology.
- Rural revenue sharing grants targeted to road construction will be reduced by 15.8%.
- Funding of $876,000 will be provided in 1991-92 to the Prairie Agricultural Machinery Institute.
- Funding of $2.1 million will be provided under the Ethanol Production and Marketing Incentive Program, a $1.7 million increase over 1990-91.
- $1.0 million is provided in grants to Rural Development Corporations and Community Economic Development Corporations.
- The Province is developing a network of 52 Rural Service Centers. The budget for the Rural Service Network is $2.8 million.
- $6.3 million is provided for the Feed Grain Adjustment Program.
- The Rural Municipal Economic Development Capital Program will provide $2.6 million to assist Rural Municipalities to construct and/or improve capital projects.
- The Province provides grants to many worthwhile organizations and programs such as:
  - 4-H Program ($271,000);
  - Agriculture Development and Diversification Boards ($274,000);
  - Community Fairs ($271,000); and,
  - pest control ($350,900).



MORE PEOPLE SERVED BY PRIVATE PHONE LINES

lines in Saskatchewan, the Province worked with communities to develop rail line co-operatives. The first of these is the Southern Rail Co-operative which operates its own train on two lines that were previously abandoned. These lines run from Rockglen to Kildeer and Avonlea to Parry.

The world's first road/railer unit, a truck equipped to operate on both roads and rails to haul grain to main line railways, was built in Saskatchewan. This unit will improve the viability of less used branch rail lines and the communities that depend on them for grain transportation.

A network of Rural Service Centres provides immediate access to information on government programs, new farming techniques and rural economic opportunities. The network brought together the Saskatchewan Crop Insurance Corporation, the Department of Rural Development and the Agricultural Credit Corporation of Saskatchewan and will include 52 centers when completed.

The Province has also undertaken major initiatives to provide infrastructure in rural Saskatchewan.

Because of the Rural Gasification Program, natural gas, once available only in cities, is now reaching over 33,000 rural customers. Electric power lines have been moved underground to provide protection from weather and accidents. Most rural residents now have private individual telephone lines, a service many other people in the Province take for granted.

Fair Share Supports Rural Saskatchewan

Decentralizing government offices into smaller Saskatchewan communities protects the rural population and brings government services closer to rural Saskatchewan.

Examples include:

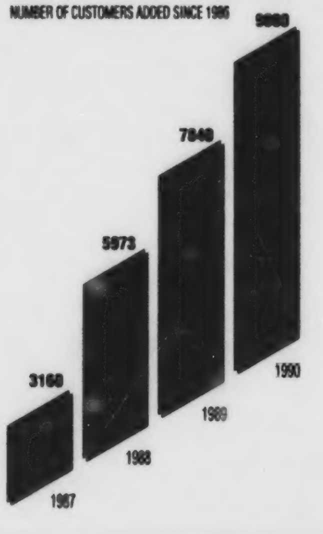
- Saskatchewan Crop Insurance Corporation with 64 jobs in Melville;
- Saskatchewan Pension Plan with 17 jobs in Kindersley;
- Saskatchewan Water Corporation with 105 jobs in Moose Jaw; and,
- The Agricultural Credit Corporation of Saskatchewan with 75 jobs in Swift Current.

Fair Share Saskatchewan will continue this record of bringing government services and jobs closer to rural Saskatchewan. This new program will result in government offices relocating to between 100 and 200 smaller communities across the Province.

Besides making services more readily available to rural residents, Fair Share will ensure that the economic benefits of government activity are evenly distributed to help stabilize local economies.

AVAILABILITY OF NATURAL GAS INCREASING IN RURAL AREAS

NUMBER OF CUSTOMERS ADDED SINCE 1986



Diversifying Rural Saskatchewan – Building a New Tomorrow

Innovation is shaping the economy of rural Saskatchewan. Consensus Saskatchewan recommended that communities should identify their own strengths and resources and build upon those strengths. Local communities are working together, and with government, to diversify.

Rural Development Corporations (RDCs) encourage co-operation of municipalities in economic development. To date, 31 RDCs have proposed 175 projects which have led to the creation of 400 jobs. By the end of 1991, it is projected that 192 municipalities will have formed 46 RDCs. Thousands of rural people will be working together for regional growth.

Rural Development Corporations (RDCs)

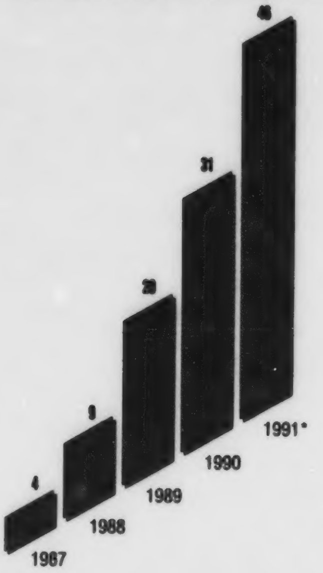
An RDC can be formed by a minimum of four municipalities, one of which must be a rural municipality. The focus is to increase co-operation between municipalities.

RDCs strengthen local business and build important infrastructure to create jobs, enhance the community and lead to an improved way of life for their residents. RDCs are realizing these opportunities by contributing direct funding and using various government programs including Community Bonds, Participating Loans, Small Business Loans Associations and the Community Tourism Assistance Program.

Government provides up to $132,200 over five years to help establish an RDC and begin a study of local needs.

In 1991-92, total funding of $900,000 will be available for RDCs.

MORE RURAL DEVELOPMENT CORPORATIONS ARE BEING FORMED



* ESTIMATE

Saskatchewan's 61 Community Economic Development Committees (CEDCs) have been responsible for the creation of over 2,200 jobs in more than 550 projects valued at over $65 million.

CEDCs work to promote the economic and social development of individual communities. In the spirit of co-operation and partnership, committee members have also assisted with the establishment of other rural development agencies, including RDCs, Small Business Loans Associations and many of the Community Tourism Assistance projects.

Access to financing and technical assistance is critical to the success of rural business. The Province has provided this access by introducing Community Bonds, a way for local residents to invest in local businesses. RDCs have taken advantage of this opportunity by becoming involved in 12 of the Province's over 50 Community Bond Corporations.

The Rural Municipal Economic Development Capital Program provides funding to assist Rural Municipalities (RMs) to invest in local businesses. These grants have been used by 145 RMs to create 522 manufacturing and processing jobs in rural Saskatchewan.

For example, the RM of Spalding used its dollars to invest in St. Front Enterprises — producers of Medi-Cisers. The manufacturing of these exercise machines for the physically disabled created six new jobs.

Community Economic Development Program

The Community Economic Development Program is available to towns, villages and resort villages with populations between 700 and 5,000 people. The goals of the Program are to achieve job creation, diversification and social and economic development.

To take advantage of the Program, a local municipal council forms a Community Economic Development Committee (CEDC). The CEDC prepares a community needs survey, a community profile and a five-year development plan. The CEDC identifies opportunities and encourages private business, other levels of government and the local council to participate in meeting the five-year plan.

The Province provides professional and technical guidance and a total of $18,000 over five years for the operation of each CEDC.

In 1991-92, $117,800 will be provided to CEDCs.

Agriculture, Development and Diversification (ADD) Advisory Structure

To ensure grassroots input into government decision making, the Government established the ADD Advisory Structure. This structure has four components.

ADD Committees

Any of Saskatchewan's 298 Rural Municipalities (RMs) may form an ADD Committee to provide input to ADD Boards, or to apply for funding such as Rural Municipal Economic Development Capital Program grants.

ADD Boards

ADD Boards are the hub of the advisory structure. There are 43 ADD Boards with 611 members in total, including members from RM Councils and members-at-large. Boards establish committees, such as Save-Our-Soils, Pest Control and Diversification and Development.

Regional ADD Councils

Two members from each ADD Board sit on one of six Regional ADD Councils. They discuss regional issues and determine methods for consolidating individual ADD Board concerns.

Minister's Advisory Committee

Regional ADD Council Chairpersons, representatives from the Saskatchewan Association of Rural Municipalities, the Saskatchewan Urban Municipalities Association, the Rural Municipal Administrators' Association and members-at-large meet regularly with the Minister of Rural Development to provide input into government decisions.

Agriculture Development Fund (ADF)

Since its inception in 1985, the ADF has spent $111 million on development and demonstration projects, irrigation projects and agricultural research.

Examples of ADF projects in four key areas include:

Diversification

- livestock alternatives (Arctic Char, Rainbow Trout, ostrich, lynx and Merino sheep)
- crop alternatives (dry beans, lupin and pinto beans, grass seed, forage sorgums, fruit trees, blueberries, saskatoons, garlic and herbs)
- enhancement of livestock, peas and canola

Commercialization

- flaxseed as a concrete preservative
- canola oil as a dust suppressant
- glyphosate (generic farm chemical)
- straw as particleboard
- ethanol fuel from grain

Environment

- biological control of insect pests
- tree farming
- soil conservation
- biological fertilizers
- organic farming

Food Industry

- wild rice
- wild highbush cranberry products
- bannock mix
- herbs

Diversifying Agriculture – New Products for New Markets

Saskatchewan agriculture has focused primarily on dry land grain production, particularly the production of wheat. In recent years, a series of events, including international price wars, droughts and insect infestations, have reduced farm incomes.

While economic diversification will reduce our dependence on agriculture, diversification within agriculture will reduce our reliance on wheat. The Province has assisted industry and individuals to make the choices required to diversify agricultural production.

Diversification begins with research. The Agriculture Development Fund coordinates and facilitates development and demonstration projects, irrigation projects and agricultural research.

Traditional diversification alternatives have included livestock production, irrigated crops and specialty crops. Innovative options like alfalfa and other forage production and game farming are also being adopted in rural Saskatchewan. The Province is a world leader in the development of new agricultural products and techniques.

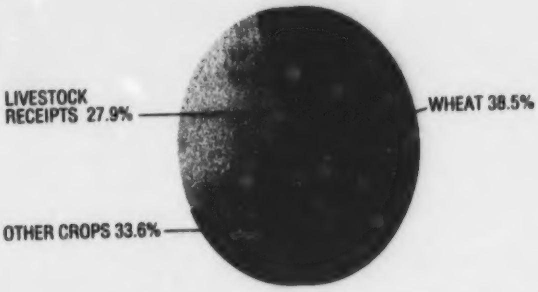
New government programs and a desire for more stable incomes have encouraged the construction of livestock facilities and an increase in the value of livestock production in Saskatchewan.

The Province has invested over $98 million in irrigation projects since 1985. Once Saskatchewan has enough land under irrigation to ensure a stable source of specialized crops, the basis for more food processing industries will exist. The Rafferty-Alameda dam project will increase the irrigation potential of the Province by 12,000 acres.

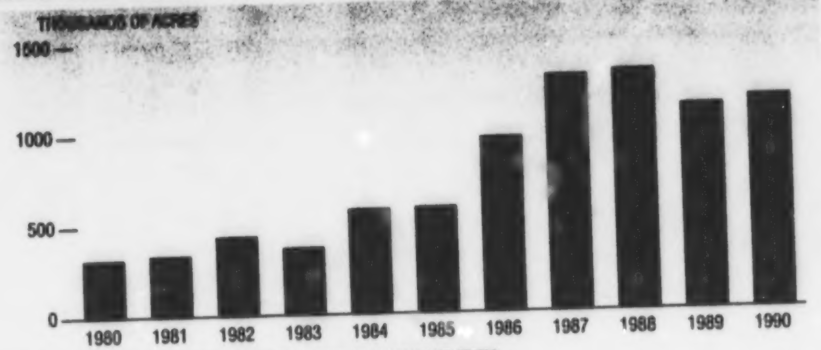
Saskatchewan is becoming an international leader in the alfalfa

SASKATCHEWAN AGRICULTURE IS DIVERSIFYING

SHARE OF MARKET RECEIPTS, 1990



MORE ACRES SEEDED TO SPECIALTY CROPS*



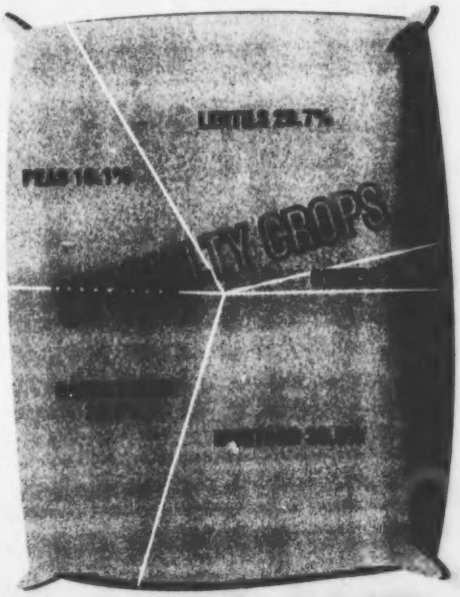
* MUSTARD, PEAS, SUNFLOWERS, LENTILS, CANARYSEED, BUCKWHEAT, FABABEANS AND OTHERS.

industry. Alfalfa seed production has increased from about a half million kilograms in 1981 to more than five million kilograms in 1989. Saskatchewan now produces dehydrated forage for export, particularly to the Pacific Rim.

Specialty crop acreage has more than tripled since the early 1980s and five times as many farmers are growing these higher value crops. Increased specialty crop production reduces the reliance on wheat.

Game farming has expanded from 12 producers in 1987, to 87 in 1991. The provincial herd includes 2,500 elk, 1,500 deer and 2,000 bison.

SASKATCHEWAN SPECIALTY CROPS ARE VARIED



1990 TOTAL PRODUCTION = 620,900 TONNES

Quick Facts on Agriculture and Rural Saskatchewan

- There are 688 incorporated communities in the Province. Of these, over three-quarters are villages or hamlets.
- Saskatchewan has 43% of Canada's cultivated land.
- It costs $5,000 per kilometre to contruct a land access road. Surfaced primary grid roads cost $60,000 per kilometre.
- Saskatchewan has a 160,000 kilometre municipal road network.
- The Province administers 56 community pastures which provide grazing for 75,000 animals.
- Saskatchewan farmers' expenses are about $4 billion per year. These purchases support rural and urban Saskatchewan businesses.
- Saskatchewan produces 50% of the wheat and durum exported by Canada.
- Saskatchewan has about one-quarter of the Canadian beef-cow herd.
- Chicken production increased by more than 50% and turkey production by 20% during the 1980s.
- The number of hogs increased by 30% from 1980 to 1990.
- Nearly 170,000 people live on farms in Saskatchewan.
- In 1976, the average farm size was 923 acres; in 1986, it was 1,036 acres.

Health in Saskatchewan

The challenge is to help Saskatchewan people be as healthy as possible.

Healthy People

A Vision for Health in Saskatchewan

The vision for the people of Saskatchewan is better health, not simply more health care. Good health is dependent on more than institutions, drugs and doctors. It also requires individuals to take more responsibility in caring for themselves.

Good health means being able to live without illness or disability, either mental or physical. As our life expectancy increases, we must strive for the greatest number of healthy years; that is, years free of major health problems. For those who are ill or disabled, it is important to ensure their ability to live as independently as possible for as long as possible.

The Health-care System

Saskatchewan is very proud of its health-care system. Efforts to date have focused on building a strong system that is there when we need it. To many, the health-care system means:

- over 7,500 hospital beds in Saskatchewan;
- over 10,500 doctors and nurses;
- home-care services;
- easy access to see a doctor, or be admitted to hospital;
- the responsiveness of health professionals to particular needs; and,
- quality of care provided to ourselves and to family members and friends.

Good health is not only the treatment of illness. Increasingly, efforts are required to maintain good health and prevent illness to help reduce the pressures on our health-care system. Demands put on the existing system are straining its ability to deliver care in a timely and efficient manner.

For Saskatchewan women, life expectancy is the highest in Canada at 80.5 years and for men it is second highest at 73.7 years.

Challenges for the Future

Saskatchewan people are faced with a number of challenges and choices with respect to health care. We need to work together to make changes.

The challenges include:

- better health for everyone;
- increasing the number of years which are free of illness or disability;
- providing appropriate health services when needed; and,
- finding a way to pay for our health-care costs.

For Saskatchewan residents, facing these challenges will mean:

- learning more about how lifestyles affect our health;
- taking responsibility for activities that can either improve or harm our health; and,
- considering how our choices influence the health of others.

For Saskatchewan communities, this will mean:

- identifying what makes communities healthy or unhealthy;
- taking actions that make our environment safer; and,
- emphasizing the maintenance of good health and the prevention of disease.

For the Saskatchewan health-care system, this will mean.

- people, communities and governments working together;
- ensuring services that are provided do the most to improve health; and,
- helping people to stay healthy by preventing disease and injury.

How these challenges are faced and the choices that are made by Saskatchewan people, health-care providers and governments will directly shape the health-care system of the future.

Saskatchewan – A Leader in Health Services

The people of Saskatchewan enjoy:

- a high quality of health care;
- universal access to services; and,
- laws and standards which ensure quality care and professional practice.

The 1991-92 health budget is almost $1.6 billion, an increase of 6.0 per cent over 1990-91.

These dollars will be spent as follows:

- $990 million to hospitals, special-care homes, cancer clinics and ambulance boards;
- $417 million to pay for doctors, dentists, chiropractors, optometrists and the Drug Plan;
- $142 million to pay for community-based programs such as mental health, community health, northern health, home care and equipment for independent living; and,
- $49 million to pay for health promotion, health insurance registration, administration and collecting vital statistics.

Since 1982, annual provincial spending on health has grown dramatically, increasing by $855 million. Demands for additional funding continue to strain the government purse and the taxpayers of the Province.

WHERE HEALTH DOLLARS ARE SPENT

1991-92 Budget Highlights

Health funding for 1991–92 is $1,597.7 million, an increase of $90.3 million or 6.0% over 1990-91.

Hospital Services

- Hospitals will receive $681.3 million, an increase of $22.9 million or 3.5% over 1990-91.
- This will provide funding for the operating costs of the Province's 134 hospitals, out-of-province hospitalization, community health clinics, and payments to the Canadian Red Cross for blood products.

Special-care Homes

- Special-care services will receive funding of $228.6 million, an increase of $7.7 million or 3.5% over 1990-91.
- This will provide funding for the operating costs of 161 special-care homes (nursing homes), including salaries for special-care home personnel and patient care supplies.

Home Care

- Home-care services will receive funding of $32.2 million, an increase of $1.8 million or 6.0% over 1990-91.
- This will provide funding to 45 Home-care District Boards for the provision of services (nursing, homemaking, home maintenance, meals) to assist individuals to live at home.

Ambulance Services

- Grants for ambulance services will total $11.8 million in 1991-92.

1991-92 Budget Highlights

Grant to the Saskatchewan Cancer Foundation

- The Saskatchewan Cancer Foundation will receive funding of $25.0 million, an increase of $2.3 million or 10.0% over 1990-91.
- The Cancer Foundation provides patient treatment, patient care supplies and drugs used in the treatment of cancer.

Saskatchewan Medical Care Insurance

- Saskatchewan Medical Care Insurance will receive funding of $290.7 million, an increase of $29.0 million or 11.1% from 1990-91.
- Medical Care Insurance pays approximately 1,500 physicians, 100 optometrists and 120 chiropractors for services provided to Saskatchewan residents.
- The increased level of funding results from negotiated changes to the fee schedules and from the provision of more services.

Saskatchewan Prescription Drug Plan

- The Drug Plan will receive funding of $93.0 million, an increase of $12.6 million or 15.7% over 1990-91.
- The Drug Plan provides funding for payments to pharmacists and to individuals to subsidize the cost of prescription drugs.
- The Drug Plan co-payment was increased from 20% to 25%, effective March 8, 1991, to increase personal responsibility for the use of drugs and control the growth in costs.

Local Responsibility for Health

Saskatchewan people believe that control of and responsibility for the health-care system should be in the hands of local residents.

The Provincial health-care system is managed by over 400 local, autonomous health-care boards.

In many communities, there are separate boards for hospital, ambulance, special-care and home-care services, each serving different regions. In some cases, the jurisdiction of these boards covers several communities.

Both the Saskatchewan Commission on Directions in Health Care and Consensus Saskatchewan emphasized the importance of local responsibility for health care and the need for changes in local board structures.

The Province is committed to streamlining the operation of the various health boards and commissions.

As a first step, the Government established the Saskatoon Health Services Authority to rationalize and coordinate the delivery of acute-care services in Saskatoon. Over time, the Authority's mandate may be expanded to include other health-care services, such as home care and special-care homes in the Saskatoon area.

The Government will be working actively with smaller communities to assist them in amalgamating board structures and to coordinate local health planning and service delivery.

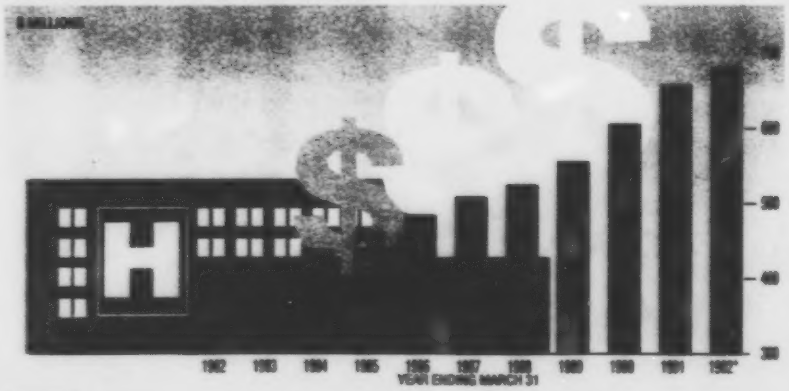
Hospitals Serving Saskatchewan

Saskatchewan has 134 hospitals. Only Ontario, with ten times our population, has more hospitals. With over 7,500 beds, Saskatchewan has more hospital beds per capita than any other province. If the Province is to maintain a high standard of care, the optimal number of hospital beds must be determined.

The number of hospital beds available in Saskatchewan has increased by 470 since 1982-83. During this period, the operating payments for hospital-related services have increased from $407 million in 1982-83 to $681 million in 1991-92.

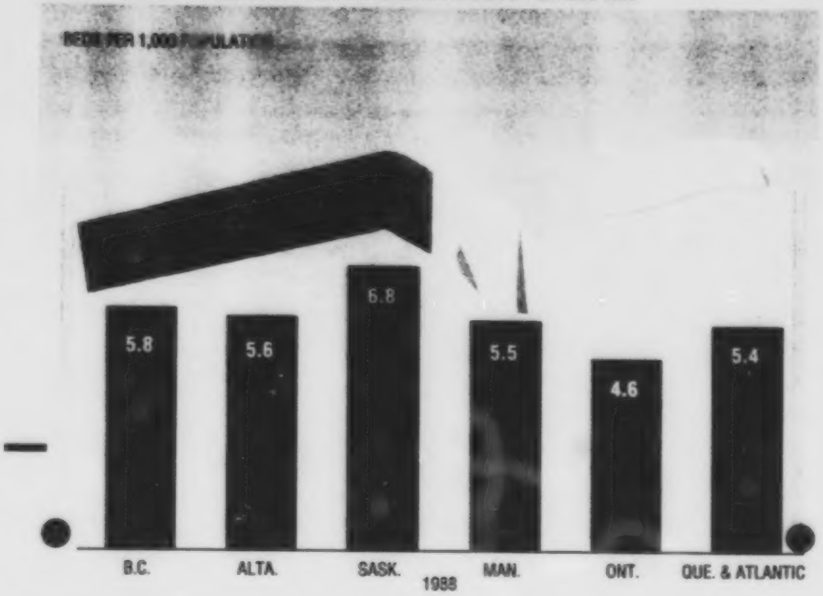
The 1991-92 funding for hospital services will increase 3.5 per cent over last year. This $22.9 million increase, while significant, will mean that hospitals must manage carefully in the upcoming year. Hospitals must strive to be as efficient as possible in the future.

COSTS OF OPERATING HOSPITALS RISING



* FORECAST

SASKATCHEWAN RANKS HIGHEST IN HOSPITAL BEDS PER CAPITA



The challenge to continue to deliver quality health care requires individuals and health-care providers to ensure that hospitals are used in a responsible manner.

Partnerships in the delivery of health services allow health-care providers to work together. This team approach benefits all people. Successes include:

- development of the rural medical practice model to coordinate local hospitals and medical practitioners;
- increased attention and planning to improve integration of local health-care services; and,
- institutions and community-based programs working together to provide a more coordinated service.

Building on these successes, new ways for delivering health services are being developed. These approaches will incorporate the principles of service coordination and integration and will get communities more involved.

Through co-operation and coordination, hospitals will continue to serve an important role as part of the new health system. This will enable care to be provided more effectively and allow patients to have a greater choice of health-care options.

The Challenge of Medical Technology

Advanced technologies are improving health care at a rapid rate. New, improved equipment, drugs and surgical techniques have opened up opportunities in health care. But, these techniques involve high cost equipment and specialized professionals.

One example of the new technologies adopted in Saskatchewan is cardiac catheterization, a means of diagnosing and treating heart conditions without surgery.

Another example is laparoscopic cholecystectomy, a new surgical technique for removing gallbladders with only small incisions through which a miniature camera and surgical instruments are inserted.

The Technology Advisory Committee has been established to review and make recommendations on the implementation of new technologies in hospitals.

This Committee includes representatives from the University of Saskatchewan, the College of Physicians and Surgeons, the Saskatchewan Registered Nurses' Association, hospitals and government.

The Committee evaluates new technologies for their costs and benefits. Once a decision to implement new machines or treatments is made, the Committee recommends an appropriate location to ensure the greatest availability and effective use.

For example, the Committee reviewed the purchase of a Magnetic Resonance Imaging (MRI) unit. This technology is expensive. It costs $3.3 million for one MRI machine, $1.2 million to provide a suitable location and $650,000 annually to operate. The Committee concluded that one MRI would serve Saskatchewan and that it would best be located at the Royal University Hospital in Saskatoon where it would complement teaching and research activities at the University of Saskatchewan College of Medicine. Work is now underway to develop a specific proposal for the Province.

The Technology Advisory Committee will ensure that new technology is appropriate, safe and acquired in an orderly and efficient manner.

Magnetic Resonance Imaging Unit - What Is It?

A Magnetic Resonance Imaging (MRI) unit is a machine which produces an image of the body's internal organs through the use of a strong magnet.

The MRI is able to produce a much clearer image than previous technology allowed.

There are currently 13 MRIs in Canada.

1991-92 Budget Highlights

Community-based Programs

- Community-based programs will receive funding of $142.0 million, an increase of $7.5 million or 5.6% over 1990-91.
- This will provide funding for community health, mental health and northern health services, as well as the Saskatchewan Aid to Independent Living Program and the Saskatchewan Hearing Aid Plan.

Mental Health Services

- Mental Health Services will receive funding of $35.1 million, an increase of $3.0 million or 9.2% over 1990-91.
- This increased funding is partially in response to the Saskatchewan Commission on Directions in Health Care report which identified the need for improved mental health services.

Community Health Services

- Community Health Services will receive funding of $17.4 million, an increase of $887,000 or 5.4% over 1990-91.

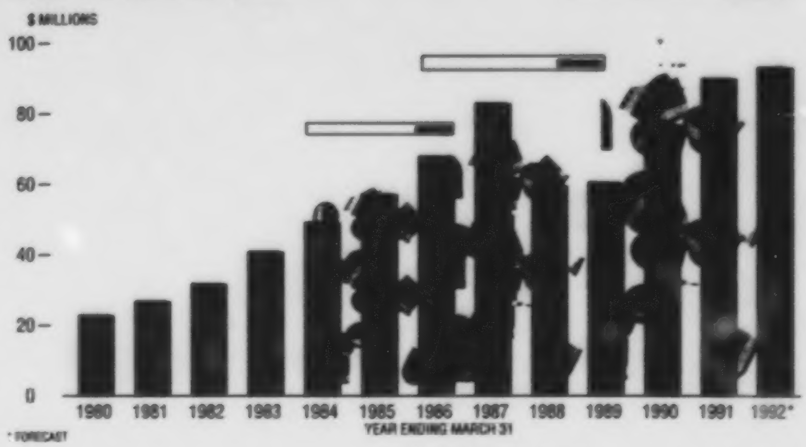
Northern Health Services

- Northern Health Services will receive funding of $6.2 million, an increase of $559,100 or 9.9% over 1990-91.

Saskatchewan Aid to Independent Living (SAIL) Program

- Funding for SAIL will total $10.7 million. The program will be modified to make it more equitable and to provide better service to those with the greatest needs.

DRUG PLAN SPENDING RISING



Saskatchewan Drug Plan World Famous

The Saskatchewan Prescription Drug Plan is one of only three universal drug benefit programs in Canada.

The Drug Plan makes use of a deductible and a co-payment system. With some exceptions, families are responsible for the first $125 of drugs they purchase each year. This is the deductible portion of the program. After a family reaches this level, they then pay only 25 per cent of the cost of any further eligible drugs purchased.

This is the co-payment portion of the Plan.

The Saskatchewan Drug Plan offers the lowest deductible of all the universal drug programs. Saskatchewan's family deductible is better than British Columbia's $325 per year and Manitoba's $171 per year.

Drug Plan spending has increased from $23 million in 1979-80 to $93 million in 1991-92. This increase of $70 million is the result of drug use growing 5.3 per cent annually, new drugs being covered and rapidly escalating drug prices.

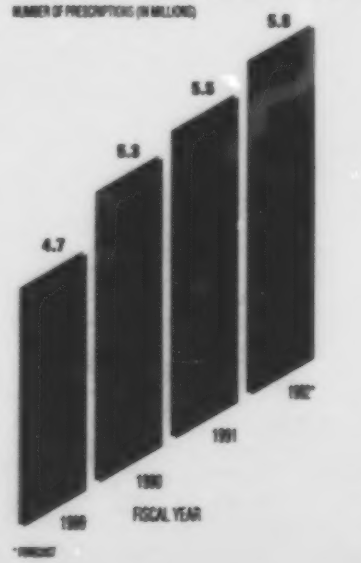
This year, each Saskatchewan family will receive an average of over $175 in benefits from the Drug Plan.

To assist people in understanding the proper use of prescription drugs, the Government has taken several steps, including the Great Medicine Cabinet Clean Up Campaign, the Personal Medication Diary for seniors and the introduction of the Consumer Drug Information Telephone Service.

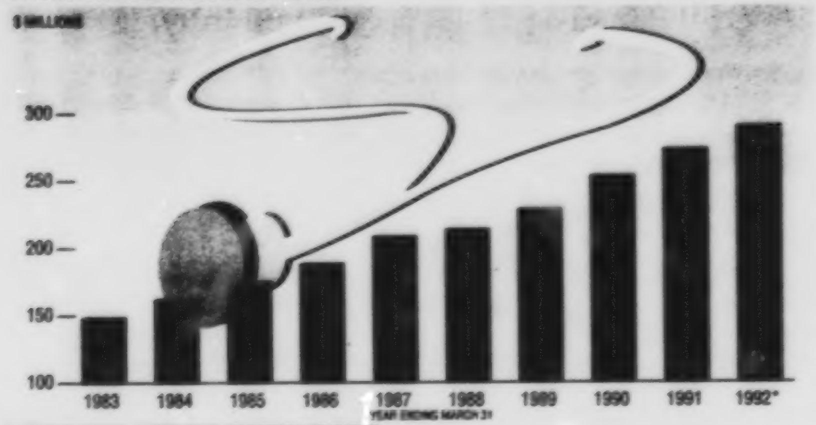
The Saskatchewan Prescription Drug Plan is recognized worldwide for innovation in the use of the health card, universality, low cost and drug use review.

The continued success of the Drug Plan can only be ensured through responsible use of prescription drugs and reasonable cost-sharing by consumers.

DRUG PLAN USAGE HAS GROWN 23%



COST OF MEDICAL SERVICES RISING



PAYMENTS TO DOCTORS, CHIROPRACTORS, OPTOMETRISTS AND DENTISTS.
* FORECAST

More Medical Services Available

Saskatchewan will spend $291 million in 1991-92 for services provided by doctors, optometrists, chiropractors and dentists. This represents 18 per cent of total provincial spending on health care.

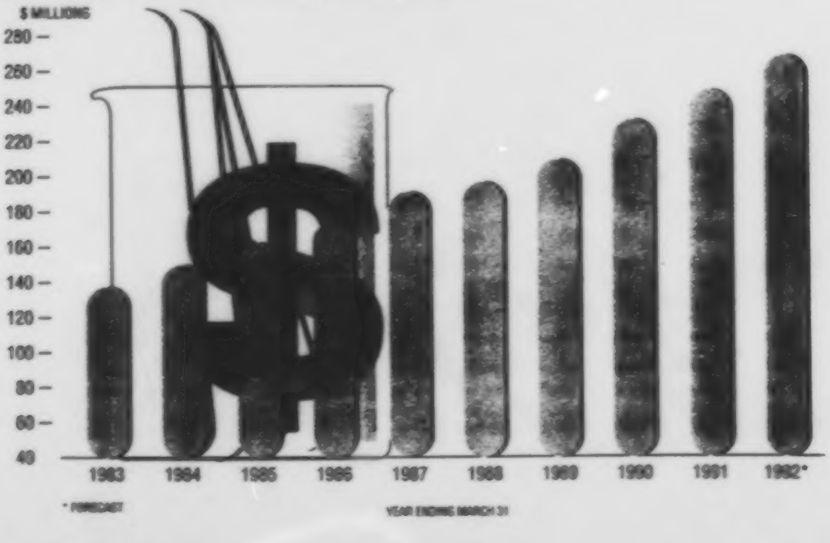
Since 1982, the cost of doctors' services has increased from $138 million to $267 million, an increase of $129 million. This reflects both an increase in visits to doctors and the fact that doctors' fees have risen by 66 per cent since 1982.

In recent years, the use of doctors' services has grown between 4 per cent and 5 per cent annually. This increase has occurred without an increase in the Province's population.

Usage rates cannot continue to rise, if we are to maintain an affordable health-care system. Wise use of the health-care system may mean encouraging individuals to use the services of other health-care professionals, such as nurses, mental health workers and community health workers.

Greater co-operation between patients, doctors, nurses and government will ensure that appropriate care is available when necessary and that doctors' services are used most effectively.

PAYMENTS TO DOCTORS REACH $267 MILLION



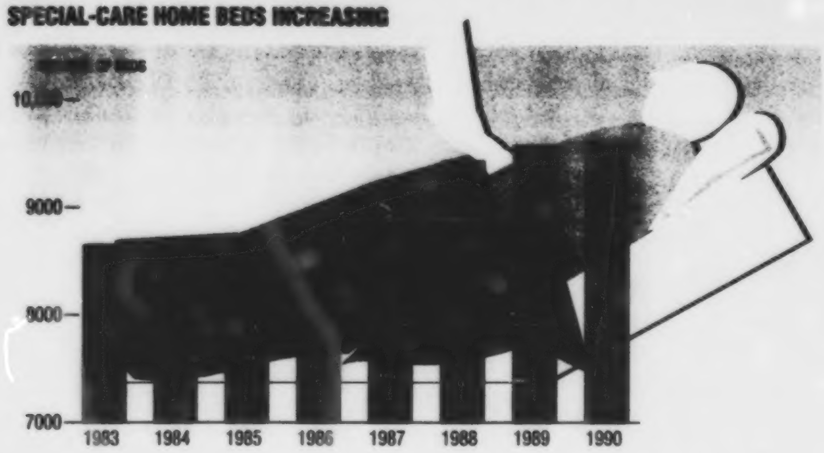
* FORECAST

YEAR ENDING MARCH 31

Quick Facts on Health Care...

- Saskatchewan was the first province to introduce a hospitalization plan for all residents in 1947 and the first province to introduce medical care insurance in 1962.
- Saskatchewan established the first air ambulance service in the world in 1946.
- Accidents are the leading cause of death in all age groups under age 35.
- 91.5% of the population used seat belts in 1990, the second highest percentage in North America.
- Alcohol is estimated to be responsible for 340 deaths a year in the Province.
- Saskatchewan ranks third-lowest among the provinces in the percentage of population that uses marijuana.
- In 1989-90, Saskatchewan residents used 67,000 road ambulance trips, 1.7 million hospital days, 5.3 million prescriptions and over 7.9 million physician services.
- In 1989, two-thirds of Saskatchewan residents used a prescription drug at least once.
- On average, people using prescription medication received 8.2 prescriptions during the year.
- Seniors using prescriptions used an average of 18.5 prescriptions.
- The average cost of one night's stay in an acute-care base hospital is $410.
- There was a total of 202,700 acute-care admissions to Saskatchewan hospitals in 1989-90.
- Over 100,000 claims for prescription drugs are received weekly by the Prescription Drug Plan.

SPECIAL-CARE HOME BEDS INCREASING



Providing Continuing Care Services to Saskatchewan Individuals

Seniors make up a greater proportion of Saskatchewan's population than in any other province in Canada. The trend of increasing numbers of seniors is expected to continue over the next 20 years, with the senior population expected to double in size.

Saskatchewan is preparing for this challenge through a range of health-care options and senior citizen housing. The health-care options include Home Care, Adult Day Care and Respite Care. For people whose needs cannot be met through community-based programs, long-term care beds are available in 147 communities.

Special-care Homes

For those who have medical needs that require constant care and supervision, there are 161 special-care homes in Saskatchewan that can accommodate over 9,600 people. An additional 760 long-term care beds are located in hospitals. Since 1982, facilities for approximately 926 residents have been added to the system and spaces for another 947 residents have been renovated to meet current standards.

Saskatchewan ranks third among all provinces, on a per capita basis, in providing long-term care beds. In 1991-92, the Province will spend $229 million on special-care services, an increase of 3.5 per cent over last year.

The average yearly cost to taxpayers of operating a new special-care home is $30,000 per resident.

The expected increase in our senior population, the primary residents in these facilities, will continue to put pressure on special-care homes. While special-care homes will always be needed, alternatives are also required.

Home-care Program

For many people, home care is a viable alternative to a special-care home or hospital services.

Home Care provides assessment and care coordination, nursing, homemaking, meals and home maintenance to supplement support provided by families and communities. The 45 home-care districts serve approximately 18,500 Saskatchewan residents.

The total operating budget for the 1991-92 program will be $32 million, an increase of 6.0 per cent over the previous year.

Saskatchewan's Home-care Program is effective in helping people to remain in their own homes and communities.

Community Programs

Community-based health services promote health, extend individual independence, enhance early recovery, maintain mobility and defer institutionalization.

A broad array of preventive community-based services are offered throughout Saskatchewan, including:

- ensuring pre-schoolers are ready for school with appropriate emotional, speech and developmental responses;
- assisting teenage or single parents and low-income families;
- providing prenatal care for safe births and healthy infants;
- helping children and the families of children with behavioral disorders;
- preventing and controlling communicable diseases;
- improving public awareness of cost-effective nutrition; and,
- educating food handlers and inspecting eating establishments.

In the last several years, a community therapy program has been developed. Physiotherapy and occupational therapy services are now being extended into 131 smaller communities throughout the Province. This program accelerates recovery, allows earlier discharge from hospital and, in many cases, earlier return to employment.

The chiropody program provides community service through 10 main clinics and 23 satellite offices around the Province.

The Saskatchewan Aid to Independent Living Program provides equipment and other services to disabled individuals to enhance their independence.

The Saskatchewan Hearing Aid Plan provides a range of services to the hearing impaired and makes hearing aids available at substantially reduced prices.

Mental Health services involve both institutional and community care.

On the institutional side, six acute-care psychiatric inpatient units (five in regional hospitals) work closely with four other units located in base hospitals in Regina and Saskatoon.

The Mental Health community programs are grouped in three main areas: services for children and youth; services for adults experiencing distress from mental disorders; and, services for individuals with long-term mental disorders.

These community-based programs, with their emphasis on prevention and early intervention, minimize the need for more expensive, institutional-based care which separates individuals from their families and friends.

The New Health Card – Better Information, Better Health

In 1988, Saskatchewan introduced the first magnetic health card in Canada. This card made possible the delivery of the Drug Plan's benefits at the pharmacist's counter. This was an important step in convenience for both the consumer and the pharmacist.

The health card system also alerts pharmacists, prior to dispensing prescriptions, in cases where patients may receive the same prescriptions from different doctors.

In 1991, the Province initiated a further advance by implementing lifetime personal health-care numbers.

The new card provides two major advantages. The lifetime personal number eliminates the need to change numbers when a person turns 18, gets married or changes families. The new card is also significantly cheaper to produce than the previous family card.

The new card has already allowed innovations.

- ***Emergency Room Pilot*** - Physicians at two major hospitals can now obtain the drug history of emergency patients to avoid harmful drug interactions.
- ***Immunization System Pilot*** - A study of a system that would automatically maintain children's immunization records is under way. This type of system would ensure that immunizations are not missed, even when children move.

In the future, the new card will improve many other health programs.

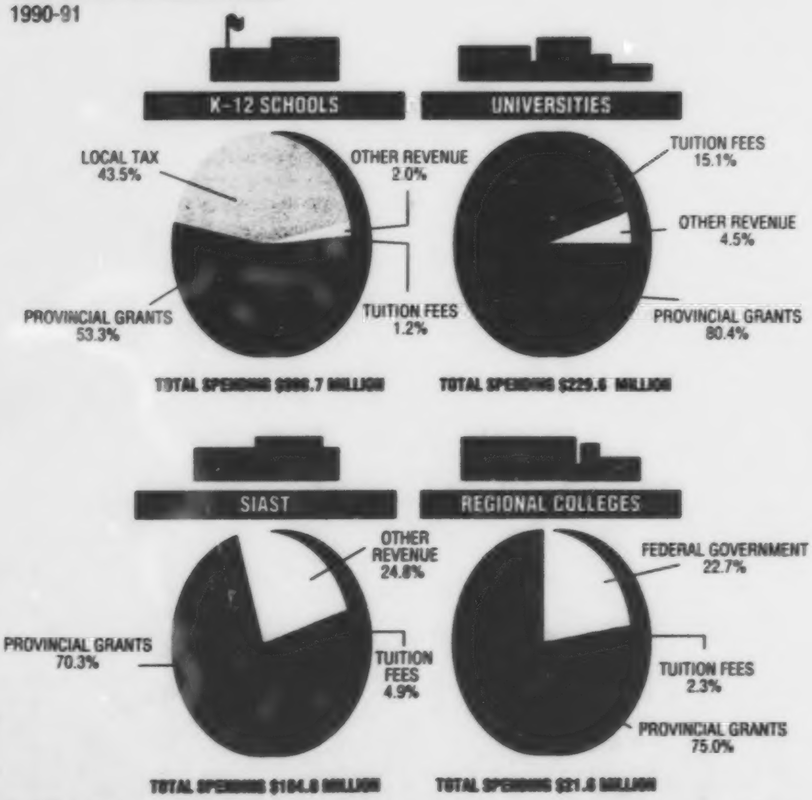
Quick Facts on Health Care...

- In 1989, Saskatchewan had the highest proportion of seniors in Canada, 13.4%. The Canadian average was 11.3%. In 1989-90, Saskatchewan's seniors accounted for 25% of the use of physician services, 40% of prescription drug use, 52% of hospital inpatient days, 84% of home-care services and 92% of the people receiving long-term care.
- 87.5% of the population saw a doctor at least once during 1989-90.
- Saskatchewan has one physician for every 700 people.
- From 1982-83 to 1990-91, the number of hospital staff funded by Saskatchewan Health rose by 16%, to 14,929.
- About 85% of home-care clients are over age 65; 60% are over age 75.
- Over 25,000 health workers are funded by Saskatchewan Health: about 15,000 people in the hospital sector, 7,000 in special-care homes, 1,800 in Saskatchewan Health, 1,500 physicians, 1,000 in home care, plus hundreds of people in organizations such as the Cancer Foundation, the Red Cross and others.
- In 1989-90, Saskatchewan Health funded 4,530 acute-care beds in 134 hospitals; over 10,000 long-term beds in special-care homes, hospitals and integrated facilities; home care for 18,850 clients; and, regular mental health services in 70 communities.

Education — Saskatchewan's Future

Saskatchewan's future depends on quality education.

WHO PAYS FOR EDUCATION?
1990-91



THE FEDERAL GOVERNMENT SUPPORTS UNIVERSITIES, SIAST AND REGIONAL COLLEGES THROUGH ESTABLISHED PROGRAMS FINANCING.

Investing in Our Future

One-quarter of Saskatchewan's population will be enrolled in our educational institutions this year. Over $1.3 billion of taxpayers' money will be spent on education. This demonstrates the importance that Saskatchewan people place on education.

There are over 16,000 instructors and 275,000 students in the Province's publicly funded schools, universities and technical schools.

To ensure education evolves to meet the needs of our students, studies have been undertaken in both the Kindergarten to Grade 12 and post-secondary systems.

The 1984 "Directions Report" which was prepared in partnership with parents, educators, government and others, provided recommendations for:

- curriculum reform;
- improved evaluation procedures;
- emphasis on effective instruction and improved support for individual students;

- quality education in all schools; and,
- specific efforts to meet the unique needs of Northern and Aboriginal students.

In 1987, the post-secondary system was re-focused to meet the changing needs of our diversifying economy.

The Government report entitled "Preparing for the Year 2000" stressed the need to focus skill and vocational training to meet the changing needs of the Saskatchewan economy. This led to the creation of the regional college network and the Saskatchewan Institute of Applied Science and Technology (SIAST).

School Finance & Governance Review

The last time a major review of how the Kindergarten to Grade 12 school system is financed and governed in Saskatchewan was conducted 47 years ago.

The Province has changed dramatically since 1944. That is why a review was established in 1990 to examine how funds are raised and distributed to school divisions. The review is also examining how the school system should be organized and managed, in terms of:

- the provincial and local share of school costs;
- enrolment trends and numbers and types of schools; and,
- the distribution of the Province's share of funding among the various school divisions.

This study, the School Finance and Governance Review, will report its findings in the Summer of 1991.

Control and Funding of Education

High quality education is essential to the future of Saskatchewan. Remaining competitive in a global economy and the demands of a complex society will require that our young people be well-prepared for life. However, maintaining standards in education is an increasingly expensive proposition as subject matter becomes more diverse and technically advanced.

The federal government's reduced commitment to health and post-secondary education has placed tremendous pressure on provincial taxpayers. The federal cut-backs are particularly problematic since education is fundamental to the future of this Province.

The vital importance of education means that every effort must be made to improve our education system. But, the improvements must be consistent with what we can afford.

There are a number of questions which need answers.

- How do we ensure that educational institutions remain accountable to the communities they serve?
- Should every student be accepted at a post-secondary institution?
- Are our graduates competitive in a global economy?
- How should the cost of higher education be shared between taxpayers and students?
- What is the appropriate student-teacher ratio in our classrooms?
- How much money should be spent on research at the universities to enhance our competitive position in the global economy?
- Should we be designing schools to serve as community centres as well as educational institutions?

Ensuring the continued strength of Saskatchewan's education system will require that these and other questions be addressed in the coming years.

1991-92 Budget Highlights

Funding for Education in 1991-92 is $903.9 million, an increase of $24.0 million or 2.7% over 1990-91.

- A 3.5% increase in operating grants will provide $373.4 million to Kindergarten to Grade 12 schools, $164.2 million to universities, $73.0 million to SIAST, $6.0 million to regional colleges and $5.1 million to federated colleges.
- The Education Development Fund will provide $7.3 million to Kindergarten to Grade 12 schools.
- The Advanced Education Enhancement Fund will provide $8.5 million to universities, $7.1 million to SIAST and $1.7 million to the regional colleges.
- Funding for core curriculum development and special education programs is maintained at $10.5 million.
- Saskatchewan students will receive $45.0 million in interest free loans from the Province.
- $1.2 million will be provided to offset the effects of sales tax harmonization on purchases of reading materials by educational institutions' libraries and textbooks for the Kindergarten to Grade 12 system.
- Operating grants to libraries will be increased 3.5% and, in addition, provincial grants will be increased $290,000 to offset the effects of sales tax harmonization on the aquisition of library reading materials.

Provincial Funding Promotes Equal Opportunity for All Children

Schools are funded by a combination of provincial grants and local property taxes. Each school division's ability to raise money from the property tax base is different. The provincial Foundation Grant Formula, introduced in 1970, provides greater provincial funding to school divisions with lower property tax bases. This is to ensure that all 115 school divisions are able to offer children the same high standard of education.

The funding formula also meets specific needs of individual school boards, such as:

- paying the full cost of busing rural children to school; and,
- offsetting higher costs per pupil at small schools and schools that need time to adjust to declining enrolments.

Other provincial measures aimed at broadening educational opportunities include:

- improvements in libraries;
- acquisition of nearly 12,000 computers for student instruction;
- provision of 66 high school courses by the Correspondence School; and,
- spending over $47 million annually to provide services and programs for exceptional children and children with special needs.

These funding arrangements and other measures ensure that Saskatchewan children have equal access to quality education regardless of where they live.

The Core Curriculum

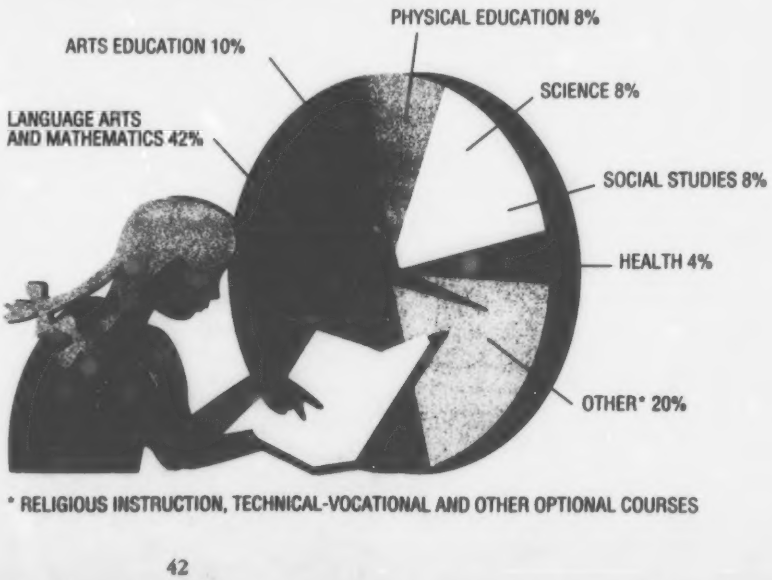
Young people are Saskatchewan's future. During the 1980s, Saskatchewan undertook one of the most comprehensive reviews of Kindergarten to Grade 12 curriculum in its history. Saskatchewan parents, the general public and educators contributed to the development of a plan which focused on what young people should learn in school.

The review resulted in the new core curriculum. The curriculum is intended to provide children with a broad range of knowledge and abilities and instil the desire for a lifelong pursuit of learning. School programs are being developed and implemented to make this vision of a new curriculum a reality.

Saskatchewan students are required to study language arts, mathematics, social studies, science, art, health and physical education. However, the content is being updated and a major emphasis is being placed on developing students to solve problems, be creative, understand technology and communicate clearly.

To ensure that the new curriculum is helping students to achieve better results, the evaluation system is being improved, focussing on the assessment of both students and courses.

STUDENT TIME SPENT MOSTLY ON LANGUAGE ARTS AND MATHEMATICS



* RELIGIOUS INSTRUCTION, TECHNICAL-VOCATIONAL AND OTHER OPTIONAL COURSES

Improving Science Education for Saskatchewan Children

As the twenty-first century approaches, Saskatchewan needs individuals with an understanding of science and technology. Schools are meeting this challenge with a new hands-on science curriculum. Children will continue to learn basic scientific facts, concepts and theories, but the emphasis is on teaching children how to think and discover as well as to remember.

Rather than relying on a single textbook, children are being encouraged to use a wider range of resources, such as reference books, magazines, films, videos and computers. This approach is encouraging children to ask questions and to search for information from a variety of sources.

People from outside the school system who have special expertise or knowledge to share with the children are also being brought into the classroom.

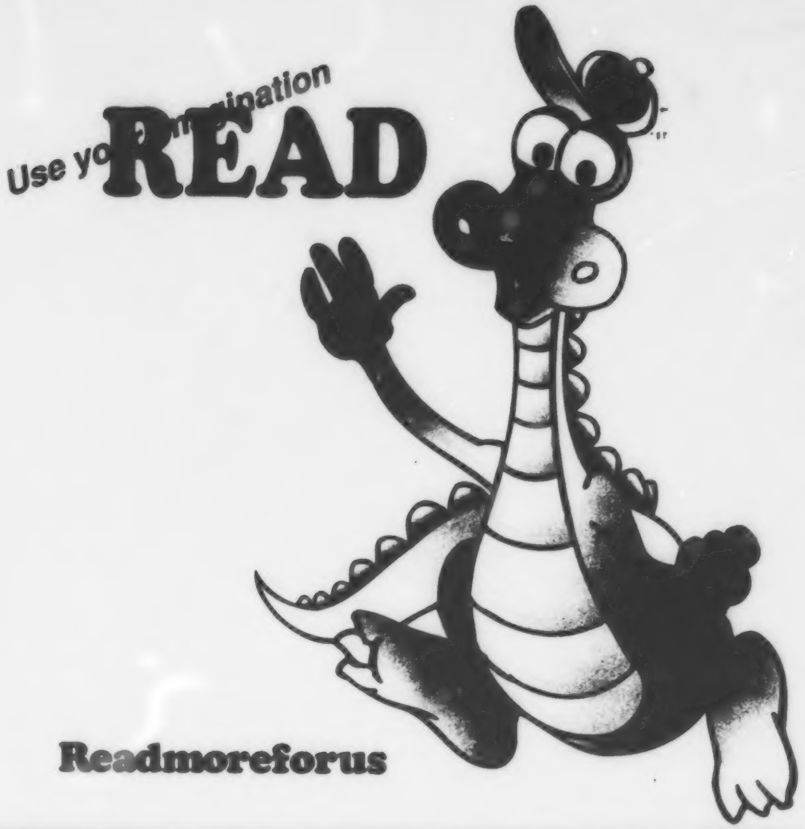
Reading – The Key to Learning

To encourage youngsters to improve their reading skills, Saskatchewan launched a province-wide campaign in 1988 to promote reading by children and to encourage parents to become involved.

The campaign uses newspapers, television, billboards, posters, bookmarks and buttons to reach families with this important message.

The star of the campaign is the reading dragon, Readmoreforus, named by a primary class in Stewart Valley. Readmoreforus, Saskatchewan's reading ambassador, is now a familiar face in schools and households all over the Province.

A key feature of the campaign is to involve parents. Booklets are available which give parents many ideas about simple activities they can do at home to contribute to their children's learning and school achievement.



Leading the Way in Literacy

People who cannot read are at a great disadvantage in our knowledge-intensive world.

In partnership with several other agencies, the Province launched a campaign in 1987 to help adults improve their reading skills. To date, more than 6,700 people have enrolled in literacy programs which are made available through the regional colleges, the Saskatchewan Institute of Applied Science and Technology, READ Saskatoon and the Regina Public Library.

The Province provides coordination, advertising and funding, but the real credit belongs to the brigade of 6,400 volunteers in communities all over Saskatchewan who donate their own time to make the programs work.

Another important literacy program is IBM's Principles of the Alphabet Literacy System or PALS. PALS is an easy to use computer system which has helped 2,225 youths and adults learn to read and write.

By the end of 1991, residents of 26 Saskatchewan communities will have regular access to PALS.

Quick Fact on Education

- During 1989-90, over 9,000 students with disabilities were enrolled in Saskatchewan schools. More than 6,700 of these students were learning disabled; nearly 500 were socially, emotionally or behaviourally disabled; and 2,000 had physical or mental disabilities.

Stay in School Campaign Helps Students Succeed

More than ever before, it is essential for children to finish high school. In the future, graduation from Grade 12 will become increasingly important for access to higher education, success in the job market and the ability to play a meaningful, constructive role in society.

Studies estimate that by the turn of the century almost two-thirds of all new jobs created will require more than twelve years of education and training. We must continue to do more for students who have difficulty graduating from high school if they are to be competitive in a technologically advanced society.

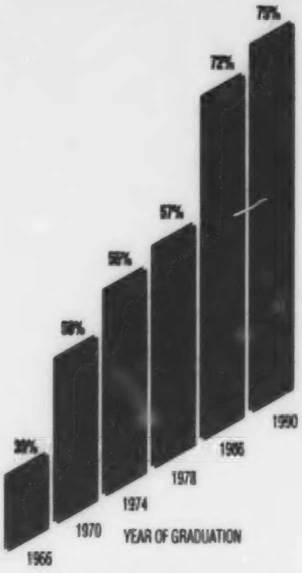
Thirty years ago, less than 50 per cent of our school-aged children reached Grade 12. Our high school graduation rate has steadily improved and today the figure is over 70 per cent, but this is still not good enough.

Many of the problems associated with school dropouts cannot be addressed by school alone. This is why the Government formed a Stay In School Advisory Committee with representation from the education system, as well as parent organizations, business, social agencies, Aboriginal groups and post-secondary institutions.

Several programs are in place to encourage Saskatchewan's young people to complete high school.

- ***Alternative Programs*** - Counselling, family consultation, individual tutoring, work experience opportunities and development of practical life skills help students who are not succeeding in the classroom.

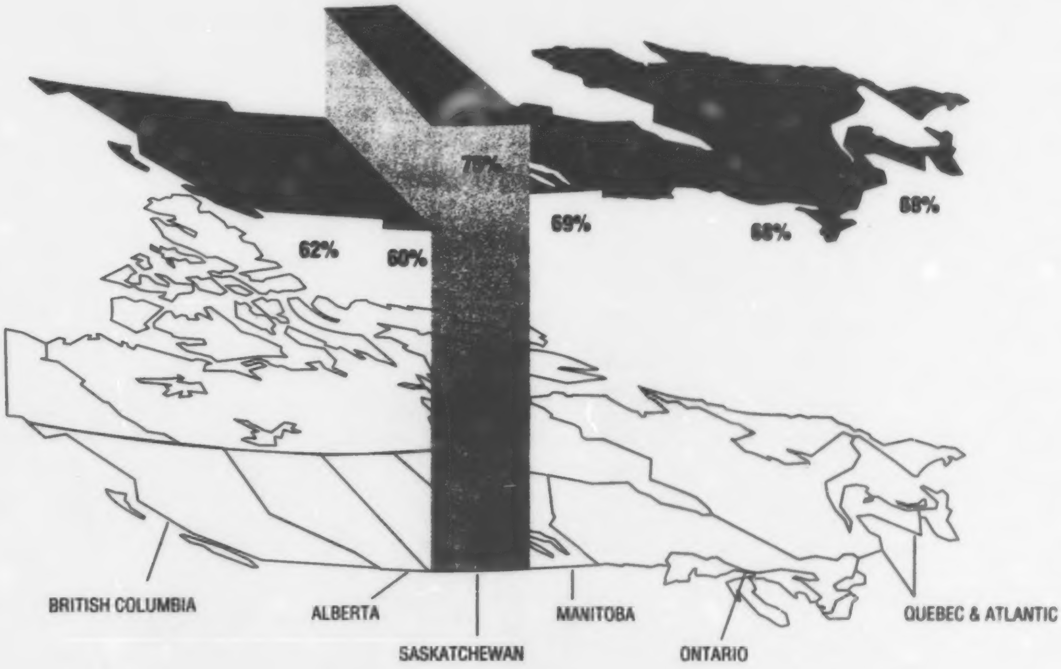
MORE STUDENTS STAY IN SCHOOL*



* PERCENTAGE OF STUDENTS FINISHING GRADE 8 WHO GO ON TO FINISH GRADE 12

- ***Community Involvement*** - Saskatchewan has 19 Community Schools which get parents more actively involved and draw on volunteer organizations.
- ***Indian and Métis Education*** - Courses have been developed to reflect Aboriginal culture and heritage and efforts have focused on increasing the number of Indian and Métis teachers.
- ***Northern Education*** - The recommendations of the 1989 Northern Education Task Force are being implemented to encourage young people to stay in school and to return if they left before graduating.
- ***Special Education*** - The Province provides $47 million each year to schools for special education services to help exceptional children and children with learning disabilities.

HIGH PERCENTAGE OF SASKATCHEWAN 18 YEAR-OLDS ARE GRADE 12 GRADUATES
1988-89 SCHOOL YEAR



PROVINCE OR REGION

The Regional College Success Story

In our fast-paced technological world, an increasing number of young adults are looking to education to secure their future. Mature adults are also returning to school to improve their knowledge and skill levels.

This trend is reflected in enrolment. Total enrolment at Saskatchewan's universities increased by 50 per cent during the 1980s. Enrolments in full-time diploma and certificate level skill training programs increased 83 per cent during the same period.

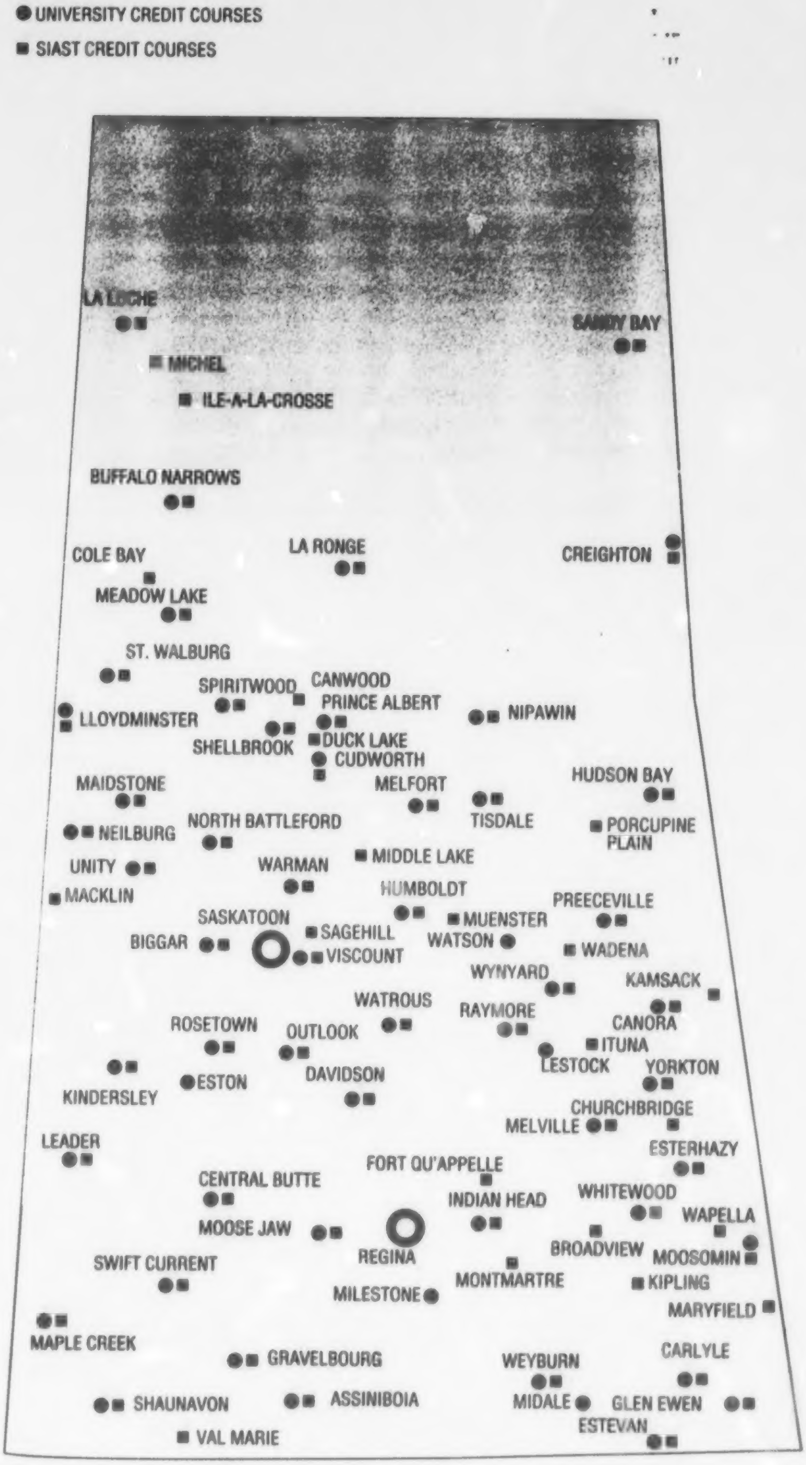
People living outside Regina and Saskatoon also wish to upgrade their education while continuing to work and live with their families in their own communities.

Last year, 288 university credit courses and 69 full-time SIAST credit programs were available in 85 locations across the Province. Over 2,800 people enrolled in off-campus SIAST credit programs through the Saskatchewan Skills Extension Program and nearly 4,000 people enrolled in university courses through the regional colleges and SIAST.

- A network of nine regional colleges delivers university, technical and skill training courses across the Province.
- The Saskatchewan Communications Network (SCN) uses television technology in 51 learning centres, bringing university and SIAST credit courses to people in rural communities.
- The Northern Professional Access Program offers first and second year university arts and science courses to residents of Northern Saskatchewan.

Now, courses such as economics, computer science, history, computerized accounting, heavy oil technician training and truck driver training are available to people living in communities such as Esterhazy, La Ronge, Kindersley, Ile-a-la-Crosse, Lloydminster, Weyburn and Humboldt.

ACCESS TO HIGHER EDUCATION IN RURAL SASKATCHEWAN HAS IMPROVED*



*LOCATIONS OUTSIDE REGINA AND SASKATOON WHERE UNIVERSITY AND SIAST CREDIT COURSES ARE AVAILABLE

Quick Facts on Education

- In 1989-90, 12,457 teachers were employed in Saskatchewan schools.
- Approximately nine out of ten Saskatchewan teachers have at least one university degree.
- In 1990-91, there were 115 school divisions in Saskatchewan.
- There were 19 community schools in the Province in 1990-91 with a combined enrolment of approximately 5,000 students.
- During 1989-90, nearly 12,000 computers were used in Saskatchewan schools for student instruction.
- The provincial average class size was 21 students for the 1989-90 school year. In rural schools the average class size was 19; in urban schools it was 22.
- By the time they have completed Grade 9, all Saskatchewan students will have at least 50 hours of computer literacy training.
- 196,555 students attended school in Saskatchewan in 1990-91. This includes: 95,131 at the Kindergarten to Grade 5 level; 59,622 in Grades 6 to 9; and 41,802 in Grades 10 to 12.
- There were 872 schools in the Province in 1990-91. Among these nearly two-thirds had an enrolment of 250 or fewer students.
- In the last ten years, $630 million has been spent on building and renovating Kindergarten to Grade 12 schools.

Focus on Education for Aboriginal Peoples

Last year, about 24 per cent of the babies born in the Province were Indian or Métis. It is increasingly important for our schools to serve the needs of these young people. Saskatchewan is making progress with several innovative programs.

- A new Indian and Métis Education Advisory Committee, with representation from the Aboriginal and education communities, provides direction on the education of Aboriginal children.
- Courses and materials have been updated to include Aboriginal content and to present Aboriginal peoples accurately.
- More Aboriginal teachers are being trained through the Northern and Saskatchewan Urban Native Teacher Education Programs (NORTEP and SUNTEP).
- The Indian and Métis Education Development Program supports Indian and Métis education projects in schools.
- The Gabriel Dumont Institute of Native Studies and Applied Research develops curriculum, conducts research and operates a library.
- The SIAST Native Services Division increases opportunities for Aboriginal students in skill training and technology programs.
- The Northern Education Task Force recommendations have generated 50 projects to meet the special needs of Northern students.

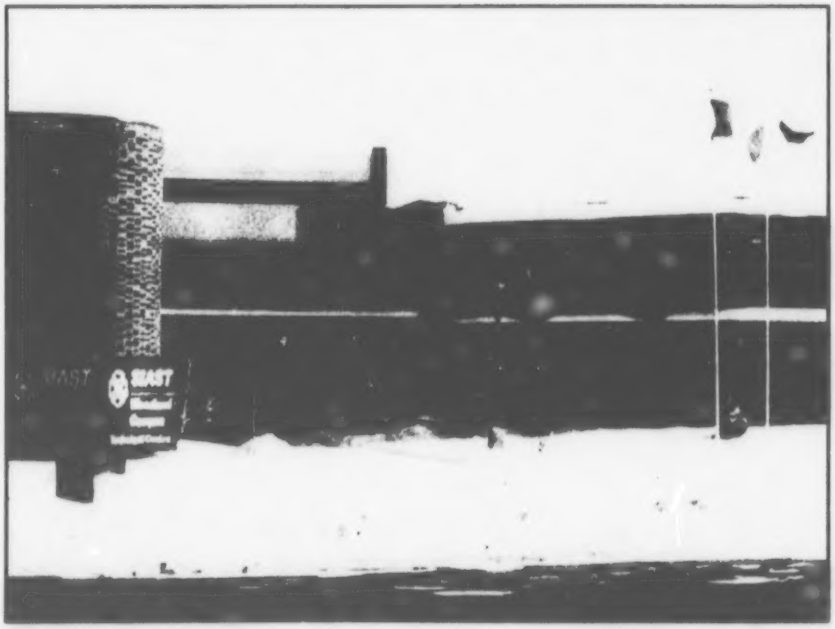
SIAST Meets the Challenge of a Diversified Economy

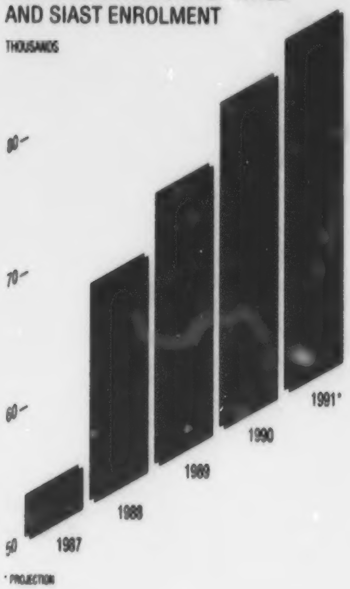
Saskatchewan must meet new skill requirements as the economy diversifies and the nature of work in many occupations changes.

Our young people require advanced technical skills and training. Some people already in the workforce need training to upgrade their skills.

SIAST and the network of nine regional colleges are responding to the skill training challenge of a diversifying economy.

Serving nearly 15,000 full-time and 35,000 part-time students annually, SIAST and the regional colleges offer career-related training through





MORE PEOPLE ADVANCE THEIR EDUCATION

SASKATCHEWAN UNIVERSITIES AND SIAST ENROLMENT

over 100 programs available in Regina, Saskatoon, Moose Jaw and Prince Albert and on an extension basis in communities across the Province.

To meet the growing needs of Saskatchewan students and employers, new approaches to skill training have been developed. For example, SIAST offers co-operative education programs involving alternate periods of study in the classroom and paid work with employers.

SIAST is planning to open a new Centre for Entrepreneurial Development which will encourage the growth and diversity of the small business sector in the Province by providing education and training for aspiring entrepreneurs.

SIAST and the regional colleges are working with employers to identify training needs and are delivering specialized training when it is required.

Through these programs and others, our educational institutions are matching programs to opportunities in the Saskatchewan economy and fulfilling the needs of employers for highly skilled people.

Saskatchewan Universities – Excellence and Innovation

The University of Saskatchewan and the University of Regina offer quality programs and research capabilities which have achieved national and international recognition.

The University of Saskatchewan offers one of the broadest ranges of degree programs of any university in Canada and is the only university to offer all five life sciences and a major teaching hospital on one campus. It is also home to the Western College of Veterinary Medicine, a joint venture of all four western provinces.

In addition, the University of Saskatchewan is renowned for its research in agriculture and biotechnology. The International Centre for Agricultural Science and Technology, along with the new College of Agriculture facility, will help maintain the Province's position as a world leader in agricultural research.

The University of Regina is attracting attention as an innovator in developing academic and research programs. A good example of this is the co-operative education program which provides students with alternate periods of academic and on-the-job training.

The University of Regina is home to the first Canadian International Language Institute and the Saskatchewan Indian Federated College, the first Canadian university college for Aboriginals.

Saskatchewan's universities are working together to improve the exchange of course credits between them. This arrangement will benefit all students, particularly those students enrolled in degree courses through the regional college network in rural Saskatchewan.

Quick Facts on Education

- There were approximately 1,700 faculty members at Saskatchewan's universities in 1989-90.
- SIAST employs approximately 1,200 instructors, counsellors and program coordinators at its four campuses.
- There are over 900 post-secondary level programs available to the residents of Saskatchewan through post-secondary institutions.
- Approximately 28,000 full-time and part-time students were enrolled in Saskatchewan's universities in 1989-90. This represents a 50% increase over the number enrolled in 1980-81.
- Between 1980 and 1990, thousands of professionals have been trained in this Province. This includes 10,250 teachers, 2,525 engineers, 638 medical doctors, 729 veterinarians, 5,010 nurses, 836 social workers and 218 dentists.
- 8,590 students were enrolled in Adult Basic Education programs offered through SIAST and the regional colleges in 1989-90.
- 3,064 apprentices were enrolled in 32 designated trades during 1989-90.
- 1,333 journeymen took further training to update their skills in 1989-90.
- About 90% of students who apply for student loans receive assistance.
- Over 50,000 students were enrolled in SIAST programs during 1989-90. 30% of these were full-time and 70% were part-time.
- Projects initiated as a result of the 1989 Northern Education Task Force report include: promotion of family and community involvement in the education system; pilot pre-school and re-entry programs; training of native guidance counsellors, middle years and secondary level teachers; and, support for Aboriginal language programming.

Diversifying the Saskatchewan Economy

A strong and diversified economy will ensure growth and stability.

The Economic Vision

The well-being of Saskatchewan's people and communities requires a strong economy. Economic strength depends on four main factors:

- a positive climate for business growth and wealth creation;
- a strong foundation in the agricultural and resource industries;
- diversification into new products and services; and,
- development of export markets.

Achieving economic strength will require everyone to be involved. It will take co-operation among people, business, labour and communities.

Saskatchewan people have always taken an active role in building their communities. Through ongoing co-operation, people can:

- create new opportunities, businesses and jobs;
- ensure the future of their communities; and,
- protect their quality of life.

Working together, people can improve the economy of their communities to build the Province and secure the future.

The Spirit of Co-operation

Successful economic growth in Saskatchewan is the result of the co-operative efforts of people, business, labour and communities working together with government.

The Government works in partnership with the Province's business and professional groups to foster a positive business environment. This includes providing advice and information to new entrepreneurs, helping industry to increase its competitiveness, supporting labour-sponsored venture capital corporations and assisting communities to build through Community Bonds.

This co-operative effort is developing important new sources of employment, income and investment. It will broaden the resource base and add new strength to the Saskatchewan economy.

Saskatchewan is now involved in new and revitalized industries, such as paper, refined oil products, fertilizers, tourism, computer software development and turbine production. More opportunities are coming with the development of northern forests, health-care technology, rail car manufacturing and communications equipment.

The Government is also working to make its programs simple and easy to access. By merging four economic departments into one, access to government services has been improved. This approach offers better coordination of business advice and assistance.

The Saskatchewan Economic Diversification Council, formed to provide private sector input on economic policy, will encourage co-operation throughout the provincial economy. The Council is working with business, labour and communities to help produce a new economic blueprint to take the Province into the next century.

Diversification Drives Growth

Diversification is the key to Saskatchewan's growth. The provincial diversification strategy targets sectors for investment based on natural economic strengths and export potential. Some targets include:

- manufacturing and processing of products like grain, oil and potash;
- developing and manufacturing more of the equipment and technology used in the resource sectors; and,
- expanding advanced technology for communications, software, instrumentation, biotechnologies and software.

The strategy involves several important areas, including tourism, advanced technology and exports.

Tourism revenue and visits by non-residents have risen in response to tourism promotion and development.

During 1988, nearly 7.4 million trips were made to and within Saskatchewan by Canadians. Visits by people from other parts of Canada increased by 27 per cent over 1984. Visits from overseas increased 39 per cent over 1987.

The advanced technology sector has grown from about 40 firms employing 1,700 people in 1982 to 200 technology-intensive firms employing 3,500 today. This sector has achieved significant international prominence.

Exports of processed foods, specialty crops, manufactured goods and technology products by Saskatchewan businesses increased by 15 per cent to $1.2 billion in 1990 over the previous year.

New capital investment in manufacturing will have risen by over 800 per cent between 1985 and 1991.

A greater variety of products is being manufactured and processed in Saskatchewan than ever before, including:

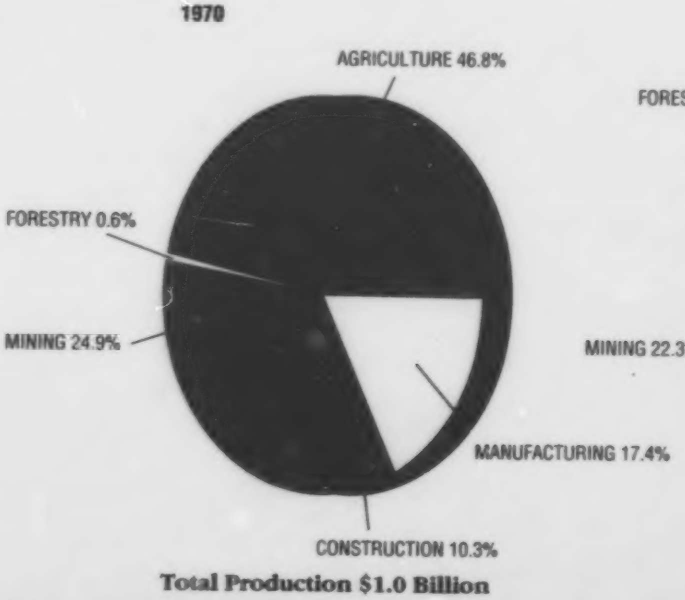
- lumber and paper;
- refined heavy oil;
- recreational vehicles;
- steel products;
- processed meats;
- tempered glass;
- intravenous solutions;
- computer software;
- chemicals and fertilizer;
- furniture;
- hydro turbines; and,
- electrical cable.

Small business is one of the most significant forces in economic diversification. More than 30,000 small business firms generate a total payroll of over $2 billion per year.

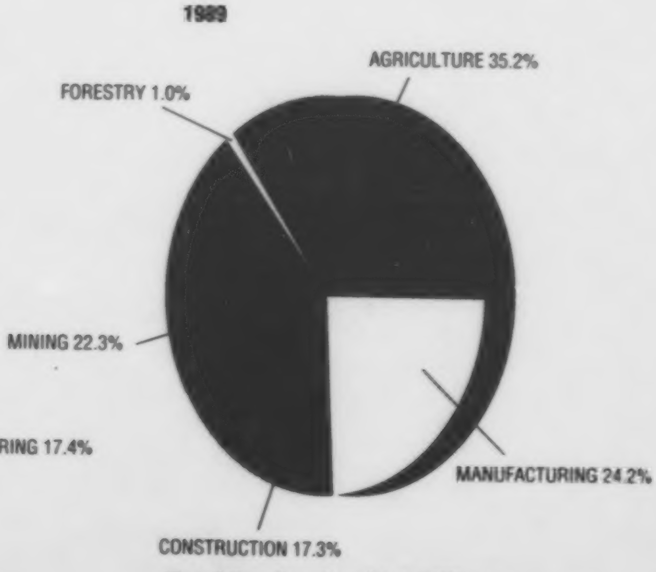
Saskatchewan is home to a vibrant co-operative sector. In 1990–91, over 155 new co-operatives were incorporated, bringing the total to 1,400 with 600,000 members. Co-operatives generate over $4 billion in annual sales, have over $7 billion in assets and employ more than 14,000 people.

Diversification is building on Saskatchewan's natural strengths to keep the Province's economy growing into the future.

SASKATCHEWAN'S GOODS PRODUCING SECTORS ARE DIVERSIFYING



Total Production $1.0 Billion

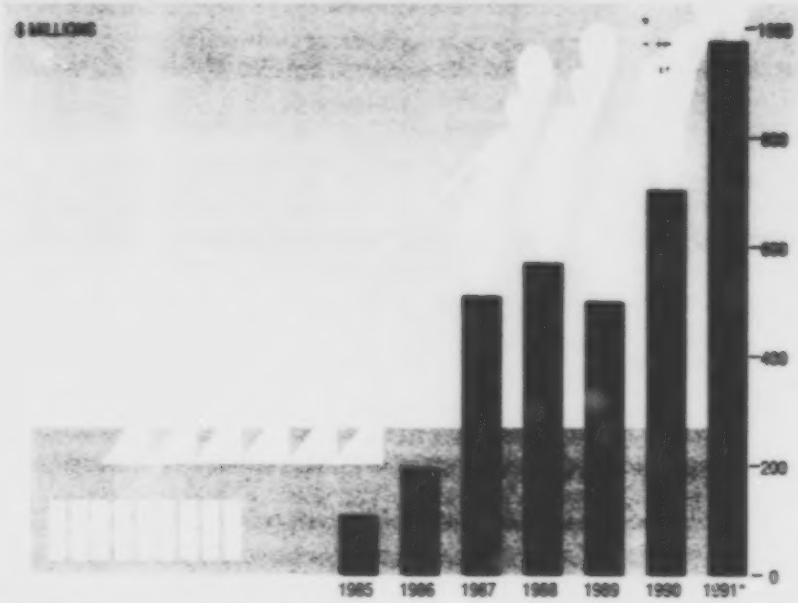


Total Production $5.3 Billion

1991-92 Budget Highlights

- $3.4 million will be spent to support development of small businesses and co-operatives through activities including the Business Resource Centres and the 1992 Business Opportunities Show.
- The Export Marketing Assistance Program is increased by $200,000 to $500,000 for 1991-92.
- $2.0 million will be available under the Destinations Saskatchewan Program to assist in the development of tourism markets and destinations.
- The Community Tourism Assistance Program will provide $921,000 to assist communities to plan, develop and promote tourism.
- $1.1 million will be provided to support the participation of Saskatchewan businesses and universities in Networks of Centres of Excellence.
- Innovative industrial research will receive $1.4 million in support through the Industrial Research and Joint High Technology Research Programs.
- $250,000 will support establishment of a Saskatchewan centre to develop software in the ADA computer language which is used in the space, defence and transportation industries.

MANUFACTURING INVESTMENT EXPANDS IN SASKATCHEWAN



* INTENTIONS

Stabilizing Our Communities Through Community Bonds

Saskatchewan people are eager to invest in their Province. This has been shown by the success of SaskTel TeleBonds, SaskPower Savings Bonds and the Potash Ownership Bond and share offerings.

Community Bonds are a new way to allow Saskatchewan people to put their savings to work to build and strengthen their communities.

Community Bonds start with communities – their needs, goals and opportunities. As few as six people with an investment idea can get together to form a Community Bond Corporation with the support of their municipality. Once approved by the Government, the Corporation then sells bonds to generate funds for investment in local manufacturing, processing or tourism projects.

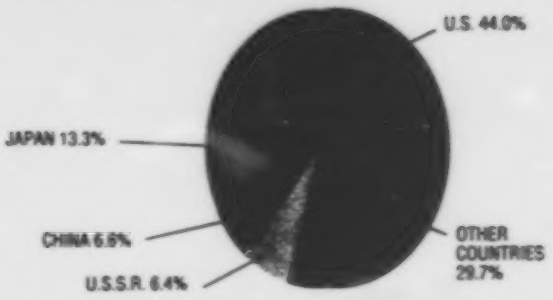
Community Bond Corporations can offer bonds for either a specific project or to build an investment fund to diversify and strengthen the community. Once approved, the face value of each Community Bond is guaranteed by the Province.

Saskatchewan people have responded to the opportunity to invest in their communities. In less than a year, over 50 Community Bond Corporations have been registered in Saskatchewan to invest in new opportunities in manufacturing, agri-processing, advanced technology and tourism.

Over $960,000 was raised from the first two bond offerings in Melville and Rosetown. This money was the seed for $3 million of investments in the Trinitel telephone assembly plant in Melville and the Precision Metal farm machinery manuacturing plant in Rosetown.

Community Bonds are not only investments in Saskatchewan, but investments in its people. Through Community Bonds, people are working together to improve the economies of their communities – building a better life for themselves and their families.

SASKATCHEWAN SELLS TO THE WORLD
SHARES OF TOTAL EXPORTS, 1989



Saskatchewan Exports to the World

Over one-third of what Saskatchewan produces is sold outside the Province. Two-thirds of this goes into the international marketplace.

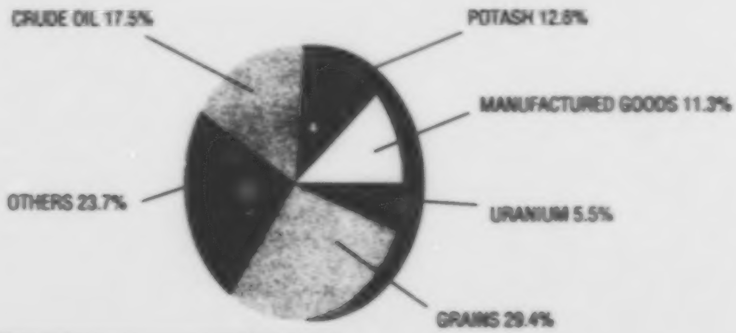
The United States consumes nearly half of our international sales. While oil, potash and uranium dominate our exports to the United States, more than 800 different products are shipped there every year.

Asian countries and the Pacific Rim make up our second largest market. These countries boast some of the fastest growing markets in the world. They imported more than $2 billion worth of Saskatchewan products in 1988. While exports to the region are dominated by cereal grains, potash and uranium, private sector and government initiatives have led to growing sales in specialized manufactured products, services and processed meat and foods.

Approximately 300 Saskatchewan firms export to nearly 200 countries. These exporters range from small manufacturers to large grain, mining and energy companies selling around the globe.

Saskatchewan has contributed significantly to Canada's pursuit of more open trade throughout the world. New market opportunities from freer trade will provide expanding opportunities for Saskatchewan exporters and Saskatchewan people.

SASKATCHEWAN EXPORTS ARE VARIED
1989



Exports to other Canadian provinces and abroad in 1989 totalled $7.0 billion.

New Technology to Lead the World

Advanced technology is flourishing in Saskatchewan. Since 1982, the number of advanced technology companies has increased five-fold, with current estimated sales approaching $1 billion.

Saskatchewan firms are world leaders in biotechnology, digital communications, fibre optics, instrumentation, energy-efficient building construction, environmental technologies and satellite communications, control and monitoring.

Advanced technology is fostered by Saskatchewan's geographic, environmental and industrial needs. Growth is supported by high quality educational and institutional research and development.

This technology base has enabled Saskatchewan to pioneer many of Canada's and the world's technological firsts, including:

- point-of-sales debit cards and the Saskatchewan Health Card;
- cobalt 60 radiation unit cancer therapy; and,
- commercial fibre optic digital communications networks.

Saskatchewan developed the first Automated Teller System in Canada and was the first to supply foreign instrumentation for a Japanese satellite. Saskatchewan is also a world pioneer in upper atmospheric research.

The Saskatchewan Research Council (SRC) and offices of the National Research Council are located at Innovation Place in Saskatoon, Western Canada's first and largest research park. Innovation Place includes a research greenhouse/laboratory to support biotechnology, the SRC resources research facility and the National Hydrology Research Centre. There are also a large number of private and public sector companies active in many fields, including computer software and hardware, aerospace, communications and agriculture.

Good News About the Economy

- Saskatchewan supplies 25% of the world potash market and 20% of the world uranium market.
- In 1990, tourism revenue was $737 million. This revenue contributes $1.8 million a day to the Saskatchewan economy.
- Export trade brings $7 billion every year, or $19 million a day, into the Saskatchewan economy.
- Total public and private investment in the economy was $6.4 billion in 1990.
- Over $4.5 million was invested in the Potash Corporation of Saskatchewan by its 1,200 employees.
- SaskOil is the 8th largest publicly traded energy company in Canada. Since 1985, the value of SaskOil has quadrupled to over $1.2 billion.
- Weyerhaeuser ships finished bond paper to 16 states and 7 provinces from its Prince Albert pulp and paper mill.
- International satellite control and test expertise is expected to result in almost $150 million in Canadian space program contracts during the 1990s.
- The number of oil wells drilled in 1990 was up 61% over 1989.
- The average jobless rate was 7% for 1990, one of the lowest in Canada.

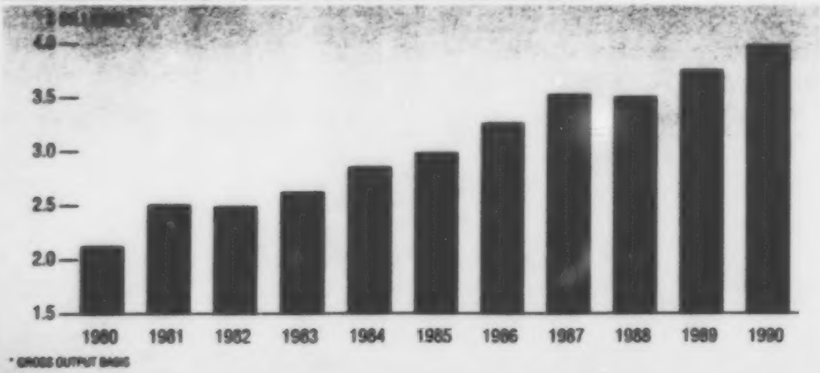
Saskatchewan Economic Development Corporation (SEDCO)

SEDCO provides a wide range of financial and property services to Saskatchewan businesses to facilitate industrial development and economic diversification. The emphasis is on small business.

SEDCO's services include:

- capital loans and equity investments for new and expanding businesses;
- participating loans to small businesses with interest payments tied to profitability;
- funding for Small Business Loans Associations which make loans at the comunity level to very small businesses to diversify the local economy; and,
- providing property and buildings for business start-ups and expansions.

SHIPMENTS OF MANUFACTURED GOODS CONTINUE TO GROW*



* GROSS OUTPUT BASIS

Saskatchewan has taken a lead role in the national Networks of Centres of Excellence Program. The Program encourages university and industry teams in researching and developing new technology and product opportunities.

Saskatchewan researchers and companies are represented in 6 of the 14 Networks of Centres of Excellence across Canada, one of the largest roles played by any province. The six are:

Veterinary Medicine - developing and marketing a vaccine against cattle shipping fever;

Molecular and Interfacial Dynamics - understanding the interaction of light with molecules;

Canadian Network for Space Research - studying the issues of global warming and the thinning of the ozone layer;

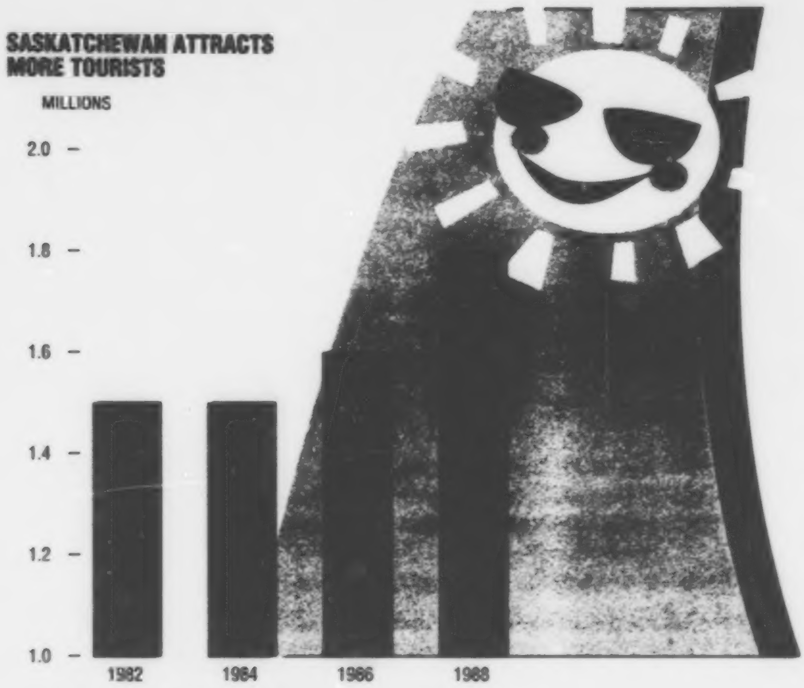
Institute for Robotics and Intelligent Systems - designing large information systems, developing sensors and control systems for agricultural equipment, and robotic vision systems;

Neural Regeneration and Functional Recovery - research to enable people with disabilities to regain their motor and sensory functions; and,

Respiratory Health - developing mechanical breathing assistance technologies.

Many of Saskatchewan's advanced technology products are marketed internationally. Success stories include:

- a satellite test and control system which will be an important element in the U.S. space station program;
- an ozone measurement instrumentation system;
- a traffic monitoring system;
- automated banking hardware and software systems;
- a pay-per-view television system;
- a telephone and fire alarm switching system; and,
- software system packages for hospitalization and health care, hotels and farm management.



TOURIST VISITS FROM OUTSIDE THE PROVINCE REACHED 1.8 MILLION IN 1988.

Canada's Vacation Secret

Saskatchewan is one of Canada's best-kept vacation secrets. For the vacationer, it is a province of great natural features, historic and cultural attractions and special events that are known across the continent.

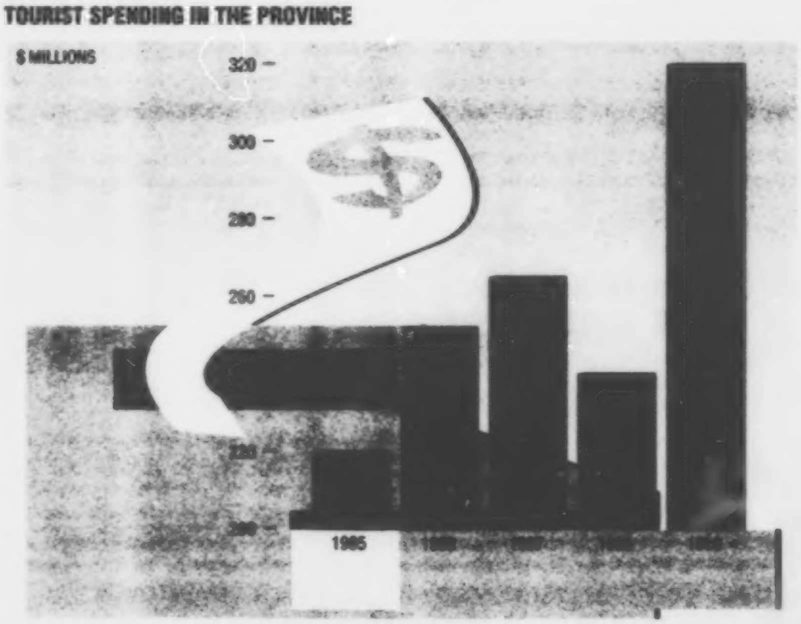
Saskatchewan is a province unlike any other, a land of forest and lakes, grasslands and clean prairie sunshine. Northern Saskatchewan is a giant forest, broken by a hundred thousand lakes. To the south, the parkland offers some of the finest parks in the Province, including Prince Albert National Park and Meadow Lake and Greenwater Provincial Parks.

The Great Plains have sun-drenched grasslands, supporting a wide variety of wildlife, including the endangered prairie falcons and burrowing owls. The Qu'Appelle Valley, carved centuries ago by glacial waters, stretches two-thirds of the way across the Province and shelters a string of eight lakes. To get some mountain air, there are the Cypress Hills, which, at an elevation of 1,392 metres, are higher than Banff, Alberta.

Saskatchewan is full of history. Artefacts dating back 8,000 years are being preserved at Wanuskewin Heritage Park. Saskatchewan is the home of the Royal Canadian Mounted Police training academy and the RCMP Centennial Museum. The Riel Rebellion is remembered at Batoche National Historic Park and at other sites in the Heart of Canada's Old Northwest.

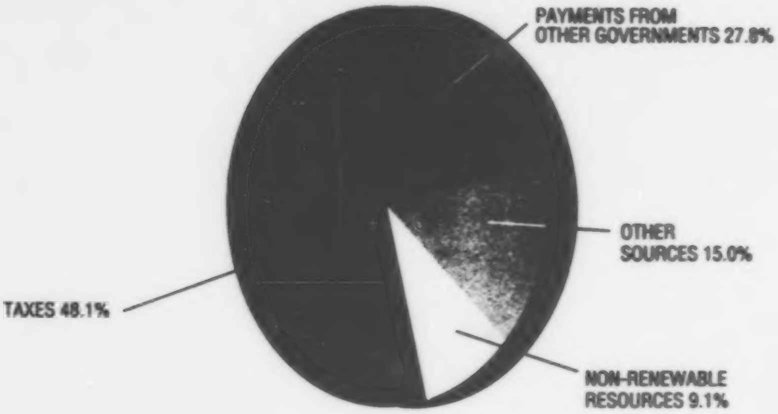
Saskatchewan people show pride in their pioneer forebearers at 200 local museums across the Province. The Western Development Museums pay tribute to the men and women who settled this land, preserving some 70,000 artefacts, including a priceless collection of antique automobiles.

Saskatchewan has some of the biggest and best celebrations in the country. Major events like the Big Valley Jamboree, Buffalo Days and the Canadian Western Agribition have put Saskatchewan on the tourist map of North America. In all, some 450 rodeos, fairs, ethnic festivals and other events offer a chance to meet new friends and get to know Saskatchewan better.



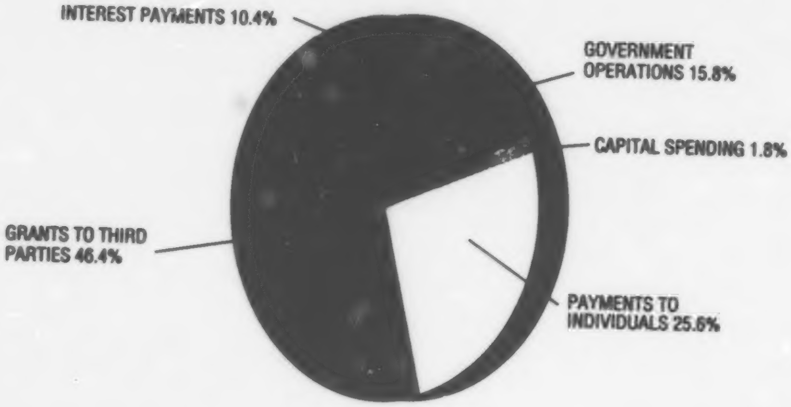
NON-RESIDENTS SPENT $320 MILLION VISITING SASKATCHEWAN IN 1989.

Government of Saskatchewan
Sources of Revenue, 1991-92



	Millions of Dollars	Per Cent of Total
Taxes		
Individual Income Tax	$ 965.8	21.2%
Sales Taxes	672.5	14.8
Corporation Taxes	204.8	4.5
Fuel Tax	201.8	4.4
Tobacco Tax	107.6	2.4
Other Taxes	35.5	0.8
	$ 2,188.0	48.1%
Non-Renewable Resources		
Oil	$ 252.2	5.5%
Natural Gas	60.6	1.3
Potash	57.5	1.3
Uranium	25.5	0.6
Other Minerals	18.1	0.4
	$ 413.9	9.1%
Other Sources		
Dividends	$ 421.1	9.2%
Motor Vehicles	83.0	1.8
Charges for Services	45.2	1.0
Licences and Permits	26.4	0.6
Other	107.0	2.4
	$ 682.7	15.0%
Payments from Other Governments		
Federal Equalization	$ 655.0	14.4%
Federal Transfer for Health and Education	361.6	7.9
Other Federal Payments	242.1	5.3
Other Governments	10.9	0.2
	$ 1,269.6	27.8%
Total Revenue	**$ 4,554.2**	**100.0%**

Government of Saskatchewan
Distribution of Spending, 1991-92

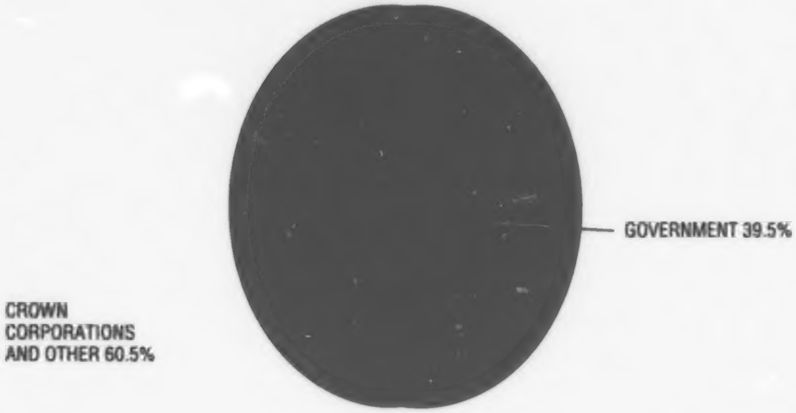


	Millions of Dollars	Per Cent of Total
Grants to Third Parties		
Hospitals	$ 721.7	15.0%
Schools and Teachers	503.2	10.4
Special-care Homes	231.2	4.8
Universities	201.7	4.2
Rural and Urban Municipalities	129.8	2.7
Other Health Services	110.6	2.3
SIAST and Regional Colleges	87.8	1.8
Agricultural Support	78.2	1.6
RCMP Services	54.2	1.1
Other Non-Profit Service Agencies	52.6	1.1
Other	67.8	1.4
	$ 2,238.8	46.4%
Payments to Individuals		
Doctors and Medical Services	$ 290.7	6.0%
Agricultural Support	257.9	5.4
Welfare and Income Support	230.9	4.8
Pensions and Benefits	130.1	2.7
Prescription Drug Plan	93.0	1.9
Student Aid and Training	60.8	1.3
Child Care	48.3	1.0
Seniors' Heritage Program	36.0	0.7
Economic Diversification	35.3	0.7
Other	50.8	1.1
	$ 1,233.8	25.6%
Capital Spending		
Highway Construction	$ 84.4	1.8%
Other	1.6	- -
	$ 86.0	1.8
Government Operations		
Highway Maintenance and Operations	$ 125.8	2.6%
Child and Family Services	98.3	2.0
Community Health	83.3	1.7
Courts and Jails	78.5	1.6
Parks and Forests	78.5	1.6
Internal Government Departments	52.8	1.1
Municipal Services	49.6	1.0
Regulatory, Inspection and Mediation	41.9	0.9
Economic Development, Trade and Tourism	37.8	0.8
Education Programming and Administration	35.4	0.8
Agricultural Programs	16.4	0.4
Other	62.7	1.3
	$ 761.0	15.8%
Interest Payments	$ 499.7	10.4%
Total Spending	$ 4,819.3	100.0%

Province of Saskatchewan

Gross Debt by Allocation

As at March 31, 1992



	Millions of Dollars	Per Cent of Total
Reimbursable Debt		
Crown Corporations:		
Agricultural Credit Corporation of Saskatchewan	$ 717.5	5.5%
Crown Investments Corporation of Saskatchewan	2,600.2	19.8
Municipal Financing Corporation of Saskatchewan	119.3	0.9
Saskatchewan Crop Insurance Corporation	202.5	1.5
Saskatchewan Economic Development Corporation	174.9	1.3
Saskatchewan Housing Corporation	317.3	2.4
Saskatchewan Power Corporation	1,927.6	14.6
Saskatchewan Property Management Corporation	751.1	5.7
Saskatchewan Telecommunications	774.2	5.9
Saskatchewan Water Corporation	198.1	1.5
	$ 7,782.7	59.1%
Other:		
Federal/Municipal	$ 4.5	- -
University of Saskatchewan	2.2	- -
Investment in Agricultural Land	184.4	1.4
	$ 191.1	1.4%
Non-Reimbursable Debt		
Government of Saskatchewan	$ 5,194.1	39.5%
Gross Debt	**$ 13,167.9**	**100.0%**

Highlights of the 1991-92 Budget

The Six Point Plan to Financial Recovery

The 1991-92 deficit is projected at $265 million, down $93 million from the 1990-91 deficit of $358 million.
Revenue is projected at $4,554 million, while spending is projected at $4,819 million in 1991-92.
The 1991-92 Budget sets out a six point plan to financial recovery for Saskatchewan. The key elements of the plan are:

- achievable deficit targets leading to a balanced budget in 1993-94;
- reasonable wage guidelines of 4.0%, 2.0% and 2.0% over the next 3 years;
- realistic operating grants of 3.5%, 3.0% and 3.0% over the next 3 years;
- fair taxation;
- more effective and efficient government; and,
- improved federal-provincial relations.

Measures continue to increase accountability through improved reporting of government activity.

Revenue Measures Included in the 1991-92 Budget

The 1991-92 Budget reflects the proposed two-staged harmonization of the provincial sales tax with the federal GST. The provincial sales tax base was expanded to include most goods, including restaurant meals, snack foods, clothing, reading materials, tobacco, pet food and non-prescription drugs, effective April 1, 1991. Full harmonization, including the introduction of input tax credits for businesses, will be effective January 1, 1992.

Harmonization and other revenue measures announced in February, and reflected in the Budget, are expected to yield $126 million in additional revenue in 1991-92. Measures include:

- application of the Fuel Tax to stationary engines, effective April 1, 1991;
- increase in the Tobacco Tax rate on tobacco sticks and cut tobacco, effective February 21, 1991;
- reduction of the Liquor Consumption Tax rate from 10% to 7%, effective April 1, 1991;
- increase in the high income surtax from 12% to 15%, effective January 1, 1991;
- introduction of the Family Tax Credit of up to $200 per child per year, effective April, 1991;
- increase in the general Corporation Income Tax rate from 15% to 16%, effective January 1, 1992; and,
- increase in the general Corporation Capital Tax rate from 0.5% to 0.6%, effective January 1, 1992.

Expenditure Measures Included in the 1991-92 Budget

Spending measures reflected in the 1991-92 Budget include:

- $133.3 million for GRIP and NISA;
- operating grant increases of 3.5% for hospitals, special-care homes, schools, universities, SIAST, regional colleges and libraries;
- MLA salary reductions and elimination of severance packages;
- Urban Revenue Sharing grants reduced by 7.5%;
- Department of Rural Development budget reduced by 10.0%;
- Mortgage Protection Plan subsidy reduced;
- Prescription Drug Plan co-payment increased from 20% to 25%;
- elimination of the Business Tax Assistance Program and the Small Business Investment Incentives Program;
- 6.0% overall increase in funding for health over the 1990-91 Budget level, including a 6.0% increase in funding for Home Care, a 10.0% increase for the Cancer Foundation, an 11.1% increase for Saskatchewan Medical Care Insurance and a 15.7% increase for the Prescription Drug Plan;
- 2.7% overall increase in funding for education over the 1990-91 Budget level, including $1.5 million to offset the effects of sales tax harmonization on purchases of reading materials by educational institutions and libraries;
- establishment of $20 million municipal capital pool for local capital projects;
- 14 department and agency budgets reduced relative to last year, 7 of these by 10% or more; and,
- elimination of funding for 352 of 600 positions slated to be eliminated over the next two years.

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2350 Albert St., 9th Floo
Regina, Saskatchewan
S4P 4A6
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Saskatchewan Finance

Hon. Lorne H. Hepworth
Minister

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- reasonable wage guidelines of 4.0%, 2.0% and 2.0% over the next 3 years;
- realistic operating grants of 3.5%, 3.0% and 3.0% over the next 3 years;
- fair taxation, with no tax increases for 3 years;
- more effective and efficient government; and,
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Revenue Measures Included in the 1991-92 Budget

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- reduction of the Liquor Consumption Tax rate from 10% to 7%, effective April 1, 1991;
- increase in the high income surtax from 12% to 15%, effective January 1, 1991;
- introduction of the Family Tax Credit of up to $200 per child, effective April, 1991;
- increase in the general Corporation Income Tax rate from 15% to 16%, effective January 1, 1992; and,
- increase in the general Corporation Capital Tax rate from 0.5% to 0.6%, effective January 1, 1992.

Expenditure Measures Included in the 1991-92 Budget

Spending measures reflected in the 1991-92 Budget include:

- $133.3 million for GRIP and NISA;
- operating grant increases of 3.5% for hospitals, special-care homes, schools, universities, SIAST, regional colleges and libraries;
- MLA salary reductions and elimination of severance packages;
- Urban Revenue Sharing grants reduced by 7.5%;
- Department of Rural Development budget reduced by 10%;
- Mortgage Protection Plan subsidy reduced;
- Prescription Drug Plan co-payment increased from 20% to 25%;
- elimination of the Business Tax Assistance Program and the Small Business Investment Incentives Program;
- 6.0% overall increase in funding for health over the 1990-91 Budget level, including a 6.0% increase in funding for Home Care, a 10.0% increase for the Cancer Foundation, an 11.1% increase for Saskatchewan Medical Care Insurance and a 15.7% increase for the Prescription Drug Plan;
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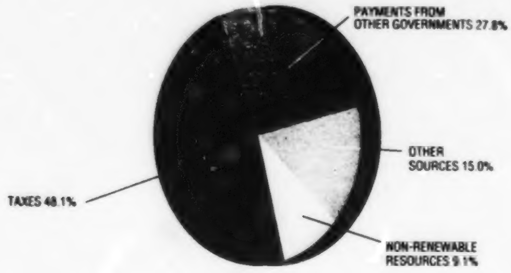
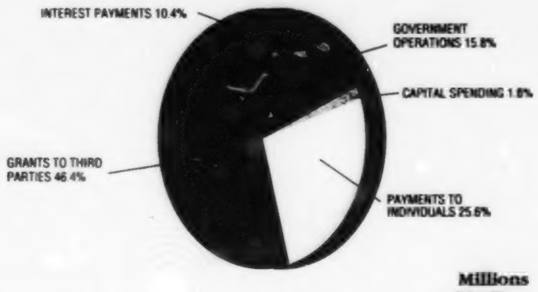
- 14 department and agency budgets reduced relative to last year, 7 of these by 10% or more; and,
- elimination of funding for 352 of 600 positions slated to be eliminated over the next two years.

Government Revenue, 1991-92



		Millions of Dollars
Taxes		
Individual Income Tax	$	965.8
Sales Taxes		672.5
Corporation Taxes		204.8
Fuel Tax		201.8
Tobacco Tax		107.6
Other Taxes		35.5
	$	2,188.0
Non-Renewable Resources		
Oil	$	252.2
Natural Gas		60.6
Potash		57.5
Uranium		25.5
Other Minerals		18.1
	$	413.9
Other Sources		
Dividends	$	421.1
Motor Vehicles		83.0
Charges for Services		45.2
Licences and Permits		26.4
Other		107.0
	$	682.7
Payments from Other Governments		
Federal Equalization	$	655.0
Federal Transfer for Health and Education		361.6
Other Federal Payments		242.1
Other Governments		10.9
	$	1,269.6
Total Revenue	$	**4,554.2**

Government Spending, 1991-92



		Millions of Dollars
Grants to Third Parties		
Hospitals	$	721.7
Schools and Teachers		503.2
Special-care Homes		231.2
Universities		201.7
Rural and Urban Municipalities		129.8
Other Health Services		110.6
SIAST and Regional Colleges		87.8
Agricultural Support		78.2
RCMP Services		54.2
Other Non-Profit Service Agencies		52.6
Other		67.8
	$	2,238.8
Payments to Individuals		
Doctors and Medical Services	$	290.7
Agricultural Support		257.9
Welfare and Income Support		230.9
Pensions and Benefits		130.1
Prescription Drug Plan		93.0
Student Aid and Training		60.8
Child Care		48.3
Seniors' Heritage Program		36.0
Economic Diversification		35.3
Other		50.8
	$	1,233.8
Capital Spending		
Highway Construction	$	84.4
Other		1.6
	$	86.0
Government Operations		
Highway Maintenance and Operations	$	125.8
Child and Family Services		98.3
Community Health		83.3
Courts and Jails		78.5
Parks and Forests		78.5
Internal Government Departments		52.8
Municipal Services		49.6
Regulatory, Inspection and Mediation		41.9
Economic Development, Trade and Tourism		37.8
Education Programming and Administration		35.4
Agricultural Programs		16.4
Other		62.7
	$	761.0
Interest Payments	$	499.7
Total Spending	$	**4,819.3**

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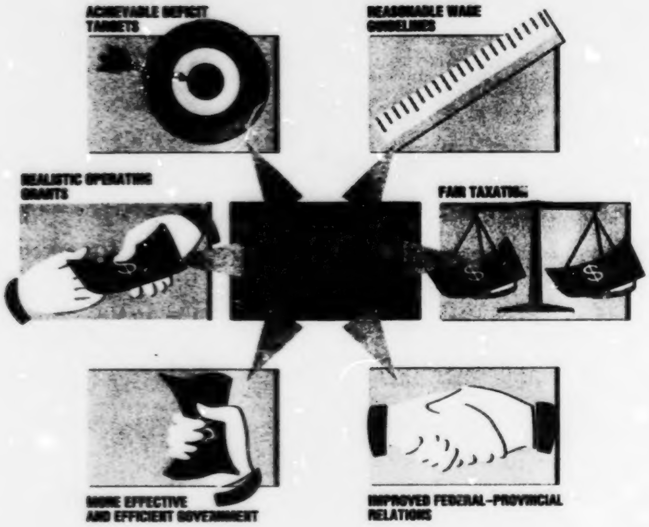
The Financial Plan


ACHIEVABLE DEFICIT TARGETS
REASONABLE WAGE GUIDELINES
REALISTIC OPERATING GRANTS
FAIR TAXATION
MORE EFFECTIVE AND EFFICIENT GOVERNMENT
IMPROVED FEDERAL–PROVINCIAL RELATIONS

1. Achievable Deficit Targets

It is essential that the deficit be eliminated. This cannot be done overnight. This year, the deficit is targeted at $265 million. Next year, the deficit will be under $150 million and in 1993-94 the Budget will be balanced.

2. Reasonable Wage Guidelines

Controlling public sector wages is essential to an effective financial plan. In January, 1991, guidelines to restrict increases in wages and compensation to a maximum of 4% were announced for the current round of bargaining. Wages and compensation will be further restricted to 2% commencing in October, 1991 through 1991-92 and 1992-93.

3. Realistic Operating Grants

Payments to school boards, post-secondary education institutions, hospitals and special-care homes account for over one-third of all government spending. As announced in February, 1991, grants to these partners will be increased 3.5% this year and will be limited to a maximum of 3.0% growth in 1992-93 and 1993-94.

4. Fair Taxation

The tax system must be simple, fair and supportive of families. The tax system in place today, including full harmonization with the federal GST by 1992, will serve Saskatchewan well into the future, providing a stable source of revenue. As part of the Financial Plan, there will be no tax increases for three years.

5. More Effective and Efficient Government

An effective and efficient government is essential to financial recovery. Controls on internal spending will be tightened. Restrictions will continue to apply to purchases, travel and hiring. Further streamlining will occur to enhance efficiency and reduce costs.

6. Improved Federal-Provincial Relations

Financial arrangements between the federal government and the provinces must be renewed and improved. It is essential to the long-term financial stability of Saskatchewan that a new deal, based on a firm, ongoing, federal financial commitment to health care, education and agriculture, be worked out.